
ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS AND SCHEDULES

JUNE 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/26/08



**Postlethwaite
& Netterville**

A Professional Accounting Corporation

www.pncpa.com

ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS AND SCHEDULES

JUNE 30, 2007

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

**Financial Statements and Schedules
June 30, 2007**

Table of Contents

	Page Number
INTRODUCTORY SECTION	
Table of Contents	i – iii
Principal Officials	iv
Superintendent's Letter of Transmittal	V – vi
Chief Financial Officer's Letter of Transmittal	vii – viii
FINANCIAL SECTION	
Independent Auditors' Report	ix-x
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	xi - xxvi
Basic Financial Statements	
<u>Government-Wide Financial Statements (GWFS)</u>	
Statement of Net Assets	1 – 2
Statement of Activities	3 – 4
<u>Fund Financial Statements (FFS)</u>	
<u>Governmental Funds:</u>	
Balance Sheet	5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	6
Statement of Revenues, Expenditures, and Changes in Fund Balances	7 – 10
Reconciliation of the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	11
<u>Proprietary Funds - Internal Service:</u>	
Balance Sheet	12
Statement of Revenues, Expenses, and Changes in Net Assets	13
Statement of Cash Flows	14

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

**Financial Statements and Schedules
June 30, 2007**

Table of Contents

	<u>Page Number</u>
Basic Financial Statements (continued)	
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Assets	15
Statement of Changes in Fiduciary Net Assets	16
<u>Notes to the Financial Statements</u>	17 – 50
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
Budgetary Comparison Schedules:	
General Fund	51 – 52
Other Supplementary Information Section	
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds - By Fund	
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54 – 55
Nonmajor Special Revenue Funds	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	57

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

**Financial Statements and Schedules
June 30, 2007**

Table of Contents

	<u>Page Number</u>
Other Supplementary Information Section (continued)	
Nonmajor Debt Service Funds	
Combining Balance Sheet	58 – 59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60 – 61
Nonmajor Capital Projects Funds	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Proprietary Fund Type - Internal Service Funds	
Combining Balance Sheet	64 – 65
Combining Statement of Revenues, Expenses and Changes in Net Assets	66 – 67
Combining Statement of Cash Flows	68 – 69
Fiduciary Fund Type - Agency Funds	
Combining Statement of Assets and Liabilities	70
Combining Statement of Changes in Assets and Liabilities	71
STATISTICAL SCHEDULES	
Government-Wide Expenses By Function	72
Government-Wide Revenues	73
General Fund Expenditures By Function	74 – 75

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Principal Officials

June 30, 2007

SCHOOL BOARD MEMBERS

As of June 30, 2007

Vice - President	Heidi Daniels	District 1
	Cynthia Cade	District 2
	Jimmy Fahrenholtz, J.D.	District 3
	Lourdes Moran	District 4
President	Phyllis Landrieu	District 5
	Una Anderson	District 6
	Torin Sanders	District 7

Officers are elected for a term of one calendar year by Board Members - 2007 officers are shown above.

EXECUTIVE DIRECTOR OF BOARD OPERATIONS

Thelma French

ADMINISTRATIVE OFFICIALS

Superintendent	Darryl Kilbert
Chief Financial Officer	Stan Smith

DEPARTMENTAL EXECUTIVE DIRECTORS

Exceptional Children's Services	Rosalynne Dennis, Ph. D.
Human Resources	Dr. Armand Devezin
Purchasing/Ancillary Services	Leslie Ray
Controller	Tim Russell
General Counsel	Ed Morris



Orleans Parish School Board

3520 General DeGaulle Drive • Suite #5055 • New Orleans, Louisiana 70114

(504) 304-5660 office • (504) 309-2865 fax

Darryl C. Kilbert, Superintendent

March 17, 2008

RE: CAFR 2007

The President and Members
Orleans Parish School Board

The Orleans Parish School Board is aggressively planning our school system's financial future. With a population that is drenched in higher living cost, higher taxes, and lower future expectations, we recognize that a quality education system is a key to recovery.

Most importantly, the Board has overseen the activities of the Superintendent and administration in rebuilding the academic standing and achievement of our students. Since the storm, our district schools have achieved upwards of 96 percent in student attendance and a 97 percent graduation rate. We extended our school day and invested funds to provide a significant increase in staff professional development.

The following is an update of services and activities the Orleans Parish Schools have performed:

Academic Update

- Initiation of the Performance Series – a computer-administered test which allows pinpointing proficiency of students across a range of subjects; a student assessment program.
- Initiation of the Achievement Series – a powerful web-based district wide assessment solution that allows K-12 educators to develop and administer tests, capture immediate results, and produce standard based reports.
- Implementing fully equipped *Model Classrooms* in 25% of OPSB classrooms in 2008.
- Implemented student portfolios with evidence of student use of available technology in learning.
- Recognized for 100% compliance in IDEA Special Education services for students.
- Provide Child Search evaluation services to all preschool children ages 3-5 who reside in Orleans Parish.

"Success is the ONLY OPTION!"

Accountability Update

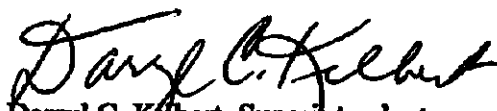
- Completed the first evaluation of OPSB charter schools utilizing the NACSA Charter School Framework adopted by BESE and OPSB.
- Completed the first evaluation of NOPS schools utilizing a modified version of charter school framework.
- Developed and implemented *ExCELSS Protocol-Examining Curriculum Enhanced Learning for Students* – a uniform process for monitoring and learning.

Safety and Security Update

- Initiated the implementation of the revised State Safety and Security Plan at all OPSB schools.
- Deployed "Visitor Management" software and hardware in NOPS schools to create a data base of visitors that tracks visitors and checks against a national crime registry through the use of a driver's license swipe before the visitor is given an access pass.
- Secured and boarded OPSB vacant properties.
- Training and Professional Development Activities:
 - Training provided to school personnel on Emergency Management, Crisis Communications and Bomb Threats, basic personnel qualifications
 - All security officers are CPR Certified and trained in First Aid
 - Collaborating with IT and Facilities Departments for implementation IP controlled access to each OPSB school.

The Orleans Parish School board is committed to creating a world-class public education system that is child centered and supports the rebuilding of the city of New Orleans.

Respectfully,



Darryl C. Kolbert, Superintendent
Orleans Parish Public Schools



Orleans Parish Public Schools

3520 General deGaulle Drive * New Orleans, Louisiana * 70114
(504) 304-5680 office (504) 309-2865 fax

Stan Smith, Chief Financial Officer

March 17, 2008

The President and Members
Orleans Parish School Board

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Orleans Parish School Board (OPSB) for the fiscal year ended June 30, 2007. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the OPSB.

To the best of our knowledge and belief, the data included in the CAFR are accurate in all material respects and are reported in a manner designed to present fairly the Statement of Net Assets (Deficit) and Statement of Activities of the OPSB. All disclosures necessary to enable the reader to gain an understanding of the OPSB financial activities have been included. This report also includes all funds and account groups of the School Board.

The CAFR is presented in two sections: Introductory and Financial. The Introduction Section includes this Transmittal Letter and a list of principal officials. The Financial Section includes required supplemental information (Management Discussion and Analysis), basic financial statements, and other supplemental information, as well as the independent auditors' report on the basic financial statements.

The OPSB is a political subdivision created under Louisiana State Statutes and has the power to sue and be sued, to make rules and regulations for its own government consistent with the laws of the state of Louisiana and the regulations of the State Board of Elementary and Secondary Education. The School Board operates within Orleans Parish providing a full range of regular education and related services as required by the Louisiana State Statutes. It is authorized to establish public schools (including the authorization of Charter schools) it deems necessary to provide adequate school facilities for the children of the parish, to determine the number of teachers to be employed and to determine local supplement to their salaries. Accordingly, the OPSB is not included in any other governmental reporting entity since its members are elected by the public for a term of four years and have decision-making authority, the power to designate management, the ability to significantly influence operations and have primary accountability for fiscal matters for the Orleans Parish School System.

The boundaries of the OPSB area of responsibility and the City of New Orleans are coterminous and located near the mouth of the Mississippi River in Southeast Louisiana. The leading industries of the local economy are petroleum, port, tourism, and construction.

All funds and entities controlled by or dependent on the OPSB are included in the CAFR. These financial statements present the School Board as the primary government. OPSB had twelve active Charter Schools. These Charter Schools are as follows:


Charter School	Approximate Number of Students **
Audubon Charter School	598 *
Benjamin Franklin High School	548
Einstein Charter School	492
Edward Hynes Charter School	411 *
Lake Forest Elementary Charter School	412 *
Lusher Charter School	1,432 *
New Orleans Science and Math High School	369 *
Robert Russa Moton Elementary	210 *
Priestley School Of Architecture and Construction	218 *
Warren Easton Senior High School	834
Algiers Charter Schools:	
Alice M. Harte Elementary	634
Edna Karr High School	805
Total Enrollment	6,963

* Included in the June 30, 2007 financial statements.

** Approximate Student Enrollment as of October 1, 2007

The charter schools financial statements are normally presented in our CAFR as discrete component units of the reporting entity because they are fiscally dependent on the OPSB. However, several charter schools had not yet completed their audited financial statements as of the report date; thus, only seven of the charter schools are included in our June 30, 2007 CAFR.

Respectfully,



Stan Smith, Chief Financial Officer
Orleans Parish Public Schools



Postlethwaite
& Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

The Orleans Parish School Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board (School Board) as of and for the year ended June 30, 2007, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit. We were not engaged to audit the financial statements of the component units. The financial statements of the component units were audited by other accountants.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

All of the financial statements of the School Board's component units were not audited as of the report date, and we were not engaged to audit those component units as part of the basic financial statements.

In our opinion, except for the effects of adjustments, if any, as might have been determined to be necessary had all of the component units' financial statements been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2008, on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages xi through xxvi and pages 51 through 52, respectively, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Poellthuis + Matthews

New Orleans, Louisiana
March 17, 2008

- x -



ORLEANS PARISH SCHOOL BOARD MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview and Analysis of Financial Activities

The Orleans Parish School Board (School Board), as the financial manager of the Orleans Parish School System, offers the readers of these financial statements an overview and analysis of the financial activities of the School Board. This overview and analysis is designed to assist the users of these financial statements in focusing on significant issues, identify significant changes in the School Board's financial position both at the government-wide and fund levels, and highlight material changes from the School Board's approved budget.

Our discussion and analysis of the School Board's financial performance provide an overview of its financial activities for the fiscal years ended June 30, 2007 and 2006. The first section will discuss the impact of Hurricane Katrina and of ACT 35 by the Louisiana State Legislature. The later sections will discuss more specifically the changes in the financial results between fiscal years 2007 and 2006. This discussion and analysis should be read in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages v through vii, and the financial statements on pages 1 through 75.

Impact of Hurricane Katrina

On August 29, 2005 Hurricane Katrina struck the New Orleans area causing widespread damage to properties throughout the region. The School Board's schools, administrative buildings, warehouses and other structures, along with furniture and equipment, and vehicles, were severely damaged or destroyed by the hurricane. It is estimated that the total gross damage to the School Board's property could approximate \$900,000,000. The storm damage not only caused an immediate negative economic impact to the New Orleans region, but it will also have long-term negative economic consequences to the region and the School Board. This adverse impact is evidenced by lower ad valorem and sales tax revenues that support the School Board's operations, as well as higher operating costs and extensive rebuilding costs that will not be fully covered by insurance proceeds or other government programs or grants such as FEMA. These issues are discussed in further detail below:

Fixed Asset Appraisal and Valuation Adjustments

The School Board contracted with an outside fixed asset appraisal/valuation company to determine the estimated original cost value, including past years refurbishments, of the School Board's land, buildings, equipment and other property as of June 30, 2005. The School Board contracted with this appraisal/valuation company for two purposes: (1) to correct the School Board's accounting records and valuations for its fixed assets, including any adjustments to its accumulated depreciation, as of June 30, 2005; and (2) to assist in the assessment of the hurricane damage to the School Board's furniture, fixtures and contents as well as estimating building replacement costs. The June 30, 2006 financial statements reflected a prior period adjustment of \$26,413,297 to increase the net book value of the School Board's property and equipment at June 30, 2005 in accordance with this appraisal/valuation.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Storm Damage-Impairment and Contents Losses

In the year ended June 30, 2006 the School Board recorded an impairment to hurricane damaged assets in accordance GASB 42 Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Proceeds, which in part states that impairment expense cannot exceed the individual assets net book value. The impairments to the School Board's assets are summarized as follows:

Buildings and improvements impairment	\$ 79,901,083
Furniture, equipment and contents damage	<u>2,062,493</u>
Gross impairment of property and equipment before insurance proceeds	82,503,576
Less insurance proceeds in Katrina Restoration Fund	<u>(9,372,810)</u>
Net impairment and contents damage expense	<u>\$ 73,130,766</u>

Insurance Proceeds

The School Board had insurance policies in effect at the time of the hurricane for comprehensive property damage (including flood), casualty, business interruption and other coverage's in the aggregate amount of \$200,000,000 and additional insurance policies covering flood damage in the amount of \$17,800,300. As of June 30, 2007, the insurers have remitted \$25,000,000 for property damage and \$9,214,219 for flood damage for a total of \$34,214,219 (see Act 35 below for allocation of \$24,841,409 of these total insurance proceeds to the new RSD School District). The School Board has filed lawsuits against its insurers to collect its remaining claims for additional aggregate damage of approximately \$175,000,000. Since the outcome of these lawsuits, including the timing and exact amount of insurance recoveries are uncertain as of the report date, the potential net recoveries have not been included in the accompanying financial statements. The School Board has made an additional flood insurance claim for \$1,825,000 which may represent the maximum amount of flood insurance coverage remaining by individual property. These proceeds will be recorded in fiscal year 2008 when and if they are received. The School Board also received additional transportation insurance proceeds in the amount of \$3,500,000 prior to June 30, 2006 and \$1,500,000 in October 2007 for losses to its transportation assets including leased school buses. Both of these transportation insurance receipts, totaling \$5,000,000, were recorded as revenue in the General Fund as of June 30, 2006. The School Board estimates that a significant portion of the hurricane related losses will be covered through grants from the Federal Emergency Management Association (FEMA), Community Development Block Grants (CDBG) potential grants from other Federal and/or State agencies and through additional insurance recoveries. Although many of the School Board's schools have now been repaired and reopened, assessments and repair of the damages by the School Board's employees, consultants, contractors, and FEMA is ongoing as of the report date. See additional information regarding FEMA below.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Employee Layoffs after the Storm

The majority of the employees of the School Board were put on Disaster Leave effective as of the date of the storm and, on March 24, 2006, approximately 8,000 of the School Board's employees were terminated. The School Board paid the terminated employees approximately \$4.6 million in accrued vacation benefits and approximately \$2.1 million in accrued sick leave. As of the report date the School Board had approximately 580 full time or part-time employees. The laid off employees have also received extended unemployment compensation benefits from the State of Louisiana Department of Labor amounting to approximately \$34,413,000 as of June 30, 2007. These unemployment compensation benefits are not expected to be extended any further by the State. The School Board has the responsibility to reimburse the State for these unemployment benefits. Since the State has deferred the School Board's payment of this liability until July 2008, the liability has been classified as long-term in the statement of net assets.

Federal Assistance for New Funding for the School Board's Operations

Due to Hurricane Katrina, the Orleans Parish tax and economic base was severely damaged. As a result, the School Board's ad valorem and sales tax revenues have been significantly reduced. In order to assist in providing funding for the operations of the School Board's schools, two new loan programs were adopted by the Federal Government. On May 12, 2006 the School Board received \$25 million in Special Community Disaster Loan (CDL) proceeds and an additional \$34.5 million CDL loan proceeds in September 2006 (See Footnotes 9 and 21). The loans are collateralized with the School Board's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of these CDL loans.

The Gulf Opportunity Zone Act, which was passed by the Federal Government on December 21, 2005, allows for the issuance of Gulf Tax Credit Bonds (GO Zone bonds) by the State of Louisiana to assist local governments in paying bonded indebtedness. As a result, the State has paid \$33,438, 546 of the School Board's debt service for bonded debt in fiscal 2007. An additional \$28,233,689 and \$14,480,519 will be paid in fiscal 2008 and 2009, respectively. This new GO Zone debt in the amount to \$76,152,754 will have its principal and interest payments deferred until July 15, 2012, when semi-annual principal and interest payments will begin. The debt will begin accruing interest at a rate of 4.640% on July 15, 2011.

Charter Schools Openings Following Hurricane Katrina

The School Board has approved twelve Charter Schools. These Charters and the five schools operated by the School Board opened after the hurricane between December 2006 and February 2007. As of June 30, 2007 the twelve Charter schools had approximately 6,320 students and the School Board's five schools had approximately 2,825 students (see Act 35 below for information about the new Recovery School District (RSD)). The School Board provides the Charter schools and the RSD schools with their pro rata share of local ad valorem and sales tax funding along with a pass through of the Charter schools share of State funds provided through the Minimum Funding Program (MFP). The State remits directly to the RSD schools their share of MFP. The total amount of local tax and MFP funding paid by the School Board to its Charter Schools amounted to \$46.5 million and \$24.7 million for fiscal years ended June 30, 2007 and 2006. The amount of local tax funding paid by the School Board to the RSD schools amounted to \$40 million and \$3.3 million for the same periods. During fiscal 2007 the amount of local tax paid to the RSD was based on an estimate of expected collections of sales and ad valorem taxes

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

during the year. Due to the uncertainty of tax collections after Hurricane Katrina, this estimate was significant less than actual collections. Subsequent to June 30, 2007 the School Board received a request for an additional payment of local tax totaling \$41 million based on actual tax collections. In agreement with the RSD, the School Board has agreed to pay \$20 million of this balance prior to June 30, 2008. The remaining \$21 million will be paid upon a final reconciliation of amounts due between the two organizations. The \$20 million payment due in fiscal 2008 is recognized as a liability in the accompany General Fund. The remaining \$21 million is reflected in the Long Term Debt Fund. During fiscal 2007 five of the School Board's Charter Schools were transferred to the authority of the RSD. The School Board approved five new Charter Schools which results in the School Board being responsible for twelve Charter schools in fiscal 2007.

The School Board is also responsible for managing Federal and State grants for both its own schools and the Charter Schools (called Special Revenue Programs). The amount of Federal funding that was paid to the School Board to be passed through to the Charter Schools amounted to \$9,826,815 for the year ended June 30, 2007 (\$16,877,592 for the year ended June 30, 2006).

ACT 35 of the Louisiana State Legislature

In November 2005, Louisiana House Bill 121 (Act 35) transferred control of each School Board school deemed to be in academic crisis, as determined by standardized student testing results, to the Louisiana State Department of Education's Recovery School District (RSD). This Act resulted in approximately 83% (106 schools) of the School Board's former schools being transferred to the new RSD. Effective with the passage of Act 35, the RSD is responsible for providing all educational services to students attending the transferred schools. The bill provided for the transfer of operational and managerial control of the transferred schools for a period of not less than five years. Further, the bill provides the RSD with authorization to manage and retain funding under the Minimum Foundation Program and it's pro rata share of local ad valorem and sales taxes corresponding to the students attending the transferred schools. While the School Board retains ownership of each transferred school, Act 35 transferred all rights and responsibilities associated with property ownership to the RSD. At the direction of The Louisiana Department of Education, the School Board transferred the net book value (after impairment due to Hurricane Katrina) of the transferred schools to the RSD and recorded a long term receivable from the RSD in the amount of \$134,614,742 as the bill provides for the schools to be returned to the School Board at the conclusion of Act 35. The summary of the properties transferred is as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 19,727,972	\$ -	\$ 19,727,972
Building and improvements	263,849,452	157,308,775	106,540,677
Furniture and equipment	58,541,683	50,195,590	8,346,093
	<u>\$ 342,119,107</u>	<u>\$ 207,504,365</u>	<u>\$ 134,614,742</u>

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Insurance Proceeds to RSD

During 2006, the School Board received \$34,214,219 of insurance proceeds related to wind and flood damage to its schools. Act 35 provided that any insurance proceeds that are not used by the School Board for debt service requirements, are to be allocated to both the School Board and to the RSD to be used to help fund the storm damage repairs to each of their respective schools. Since the insurance companies have not yet provided a complete allocation of the insurance proceeds by school, an estimate was made to allocate the insurance proceeds. The estimated allocation, which may change in the future when better facts are known, amounted to \$9,372,810 for the School Board's remaining schools and \$24,841,409 for the schools transferred to RSD. This liability to the RSD is offset by expenditures the School Board incurred on behalf of the RSD resulting in a net liability for the year ended June 30, 2007 of \$6,511,355. This net liability is recorded in the Katrina Restoration Fund.

Rebuilding of the School Board's and RSD Schools with FEMA Assistance

The RSD hired a consulting firm to assist them in the management of the rebuilding of the schools in the New Orleans area. This contract also provided for the management of the insurance recoveries and the assistance being provided by the Federal Government through FEMA. The School Board has also contracted with the consulting firm for the same purpose. In order to get the rebuilding process started as soon as possible, FEMA required the School Board to be the "FEMA Applicant" regardless of whether it was an RSD school or a School Board controlled school. This requirement was subsequently changed by FEMA whereby each School District was made responsible for its own schools. In the interim however, the School Board incurred expenditures on behalf of the RSD and received FEMA reimbursements on behalf of the RSD. At June 30, 2007, the net payable to the RSD by the School Board regarding the FEMA related rebuilding and operating activities and the related insurance proceeds allocations are as follows:

June 30, 2006	
Insurance proceeds allocated to RSD	\$ 24,841,409
FEMA Reimbursements received on behalf of RSD	4,814,704
Rebuilding expenditures incurred on behalf of RSD	<u>(10,336,466)</u>
Due to RSD, June 30, 2006	19,320,647
June 30, 2007	
Prior Period Adjustment (See Note 3)	<u>(793,724)</u>
Due to RSD, as adjusted, June 30, 2006	18,526,923
FEMA Reimbursements received on behalf of RSD	898,988
Rebuilding expenditures incurred on behalf of RSD	<u>(12,914,455)</u>
Due to RSD, June 30, 2007	<u>\$ 6,511,455</u>

**ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Financial highlights between June 30, 2007 and 2006

At June 30, 2007 and 2006, the School Board's net assets (deficit) were \$(52,813,029) and (101,888,886), respectively.

The overall decrease in net deficit for the fiscal year ended June 30, 2007 (fiscal 2006) resulted primarily from the increase in cash, offset by increases in accounts payable and long term liabilities.

Grant program revenues for fiscal 2007 were \$33,549,099 or 11.3 % of total revenue, as compared to \$33,801,994 or 12.0% for the fiscal year ended June 30, 2006 (fiscal 2006).

General revenues for fiscal 2007 were \$233,258,445 compared to \$248,655,819 for fiscal 2006. The main decrease was in the State of Louisiana Minimum Foundation Program funding (\$64.8 million) offset by increases in ad valorem taxes (\$18.4 million) and sales and use taxes (\$24.3 million). The \$15 million decrease in general revenues results primarily from the effects of Hurricane impacted assistance included in the fiscal 2005 minimum foundation funding.

Using this Comprehensive Annual Financial Report

The School Board's Comprehensive Annual Financial Report (CAFR) consists of a series of financial statements that show information for the School Board as a whole, its funds, and its fiduciary responsibilities.

Government-wide Financial Statements (pages 1 through 4) include the Statements of Net Assets (Deficit) and Activities respectively, provide information about the activities of the School Board as a whole and present a longer-term view of the School Board's finances. In summary, the government-wide financial statements show the results of operations and financial position using the *total economic resources* measurement focus and the accrual basis of accounting which emphasizes the long-term financial picture and are very similar to the financial statements of the private sector.

Fund Financial Statements (pages 5 through 16) present information for three fund categories - governmental, proprietary and fiduciary. Financial statements for governmental funds tell how we financed our services in the short-term as well as what remains for future spending. These fund statements provide the reader with some insights into the School Board's overall financial health. In short, the fund-level financial statements show the results of operations and financial position using the *current financial resources* measurement focus and modified accrual basis of accounting, emphasizing the change in fund balances as a result of the current year's operations, as well as the amount of resources available to spend.

Fund financial statements also report the School Board's operations in more detail than the government-wide financial statements by providing information about the School Board's most significant fund(s) - such as the General Fund, the Displaced Fund, Restart Fund, Title 1 Fund and the Capital Projects (General Obligation Bond) Fund. The Governmental Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances include the major funds as well as an aggregate of the remaining funds that report general government operations. Proprietary Funds - Internal Service are an accounting device used to accumulate and allocate costs internally among the School Board's major functions/funds. The School Board uses internal service funds for certain of its risk/insurance and print

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

shop costs. Because these services predominantly benefit the governmental rather than business-type functions they are included within governmental activities in the government-wide financial statements.

The remaining statements, the Statement of Changes in Fiduciary Net Assets for the Fiduciary Funds and the Statement of Revenues, Expenses and Changes in Net Assets for the Proprietary Funds, present financial information about activities for which the School Board acts solely as an agent for the benefit of students and parents and the financing of services provided by one department to others of the School Board, respectively.

Other sections include *Notes to the Basic Financial Statements* (pages 17 through 50) and certain *Required Supplementary Information* (pages 51 through 52). Included in the Required Supplementary Information is a comparison of the General Fund budget with actual results on pages 51 through 52. Over the course of the year, the School Board revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Due to Hurricane Katrina and ACT 35, a major revision was necessary to fiscal year 2006 budget.

Reporting on School Board as a Whole

The School Board implemented Governmental Accounting Standard Statement No. 34 and related amendments in fiscal year ended June 30, 2002. Consistent with prior fiscal years the current year's statements focus on the School Board as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major funds), allow the reader of the financial statements to address relevant questions and broaden a basis for comparison (year to year).

One of the most important questions asked about the School Board's finances is, "Is the School Board better or worse off as a result of the year's activities?" The Statement of Net Assets (Deficit) and the Statement of Activities, shown on pages 1 through 4, report information about the School Board as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received and/or paid.

Also, component units are separate legal entities to which the School Board may be obligated to provide financial assistance and are presented as a separate column in the government-wide and as individual activities in the accompanying financial statements.

Statements of Net Assets (Deficit) and Activities, report the School Board's net assets or deficit and changes in them. The change in net assets (deficit) provides the reader a tool to assist in determining whether the School Board's financial health is improving or deteriorating. However, the School Board's primary responsibility or mandate is to provide instructional and related services to its student population. As such, the Statements of Net Assets (Deficit) and Activities for the School Board, report governmental activities such as instruction, support services, interest on debt and food services. Most of these activities are financed with taxes (ad valorem, sales and use), Minimum Foundation Program funds (MFP), and state and federal grants. The reader will need to consider other nonfinancial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the School Board.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Reporting School Board's Most Significant Funds

Fund Financial Statements

Our analysis of the School Board's major funds begins on page 5 of the basic financial statements. The fund financial statements provide detailed information about the most significant funds - not the School Board as a whole. Some funds are required to be established by State law and by bond covenants. However, the School Board has established other funds to help it control and manage for particular purposes (such as the Child Nutrition) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as grants from the Department of Education). The School Board's funds (governmental, proprietary and fiduciary) use the following accounting approach:

Governmental Funds - All of the School Board's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called *modified accrual* accounting. The governmental fund statements provide a detail *short-term view* of the School Board's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets (Deficit) and the Statement of Activities) and governmental funds through reconciliation to the basic financial statements on page 11 of the financial statements.

Proprietary Funds - Proprietary funds for the School Board use the accrual basis of accounting, the same as on the government-wide statements. These funds are used to account for the financing services provided by the School Board's departments, (such as health, life insurance, workers' compensation, print shop, etc.). The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Assets and Statement of Cash Flows reports are presented on pages 12 through 14 of the basic financial statements.

Fiduciary Funds - The School Board is the trustee, or fiduciary, for its student activities funds. All of the School Board's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 15 and 16 of the basic financial statements, respectively. We exclude these activities from the School Board's other financial statements because the assets cannot be utilized by the School Board to finance its operations.

Infrastructure Assets

The School Board's capital assets include land, construction-in-progress and exhaustible capital assets (buildings and improvements, equipment, furniture and fixtures, transportation, etc.) that are used in operations.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Government-wide Financial Analysis

The following analysis focuses on the Statement of Net Assets (Deficit) (Table 1) and Statement of Activities (Table 2) of the School Board's governmental activities.

TABLE 1
Condensed Comparative Statements of Net Assets (Deficit)
At June 30, 2007 and 2006

	<u>Governmental Activities</u>		<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percent (%)</u>
	<u>2007</u>	<u>2006</u>		
Current and other assets	\$ 315,509,669	\$ 189,705,125	\$ 125,804,544	66.32%
Capital assets, net	68,150,381	57,376,560	10,773,821	18.78%
Long-term receivable RSD	134,614,742	134,614,742		0.00%
 Total assets	 \$ 518,274,792	 \$ 381,696,427	 \$ 136,578,365	 35.78%
 Current and other liabilities	 \$ 69,907,913	 \$ 59,610,357	 \$ 10,297,556	 17.27%
Long-term liabilities	501,179,908	422,974,956	78,204,952	18.49%
 Total liabilities	 571,087,821	 482,585,313	 88,502,508	 18.34%
 Net assets (Deficit):				
Invested in capital assets, net of debt	(60,145,631)	(117,844,129)	57,698,498	-48.96%
 Restricted	 170,841,198	 70,195,363	 100,645,835	 143.38%
 Unrestricted	 (163,508,596)	 (53,240,120)	 (110,268,476)	 207.12%
 Total net assets (deficit)	 \$(52,813,029)	 \$(100,888,886)	 \$ 48,075,857	 -47.65%

**ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Government-Wide Financial Analysis, Continued

The School Board's net assets (deficits) were \$(52,813,029) at June 30, 2007 and \$(100,888,886) at 2006. Of which, \$(163,508,596) and \$(53,240,120) were unrestricted at June 30, 2007 and 2006, respectively. Restricted net assets are reported separately to show legal constraints from debt covenants, capital projects and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. As of June 30, 2007 and June 30, 2006, the restricted net assets amounted to \$170,841,198 and \$70,195,363 respectively.

Current and other assets have increased \$125,804,544 from last year due primarily to: increased cash of \$182,633,441 as the School Board received in fiscal 2007 \$34,471,963 in CDL loan proceeds and \$33,438,546 in Gulf Tax Credit Bonds loan proceeds, along with a reduction in taxes receivable of \$57,244,739.

Net capital assets increased from June 30, 2006 to June 30, 2007 by a net amount of \$10,773,821 due primarily to asset purchases and capital improvements. (See Note # 6, Capital Assets in the accompanying financial statements for additional discussion regarding depreciation methods and related accumulated depreciation). The June 30, 2007 financial statements reflects the value of the \$134,614,742 of net capital assets transferred to the RSD as a long-term receivable since ACT 35 provides for these capital assets to be returned to the School Board at the end of 5 years.

Current and other liabilities increased \$10,297,556 due primarily to an increase in deferred revenues of \$7,444,535, and an increase in payables to the RSD for \$9,919,829. These increases were offset by a decrease in accounts payable of \$6,172,472 due to final settlement of significant pre Katrina obligations.

Long-term liabilities increased by \$78,204,952. The primary composition of this net change is as follows: (a) an increase in bonds of \$43,289,641 due to Community Disaster Loan proceeds of \$34,474,9616 and Debt Service Assistance Loan proceeds of \$33,438,546. These increases were offset partially by principal payments of \$24,338,582; (b) an increase in due to other governments (RSD) of \$21,056,187 for their additional share of local tax revenues; (c) an increase in claims payable increased \$11,735,296; (d) an increase of \$3,241,987 of interest payable on the Refunding Bonds, Series 1991. (See Note 14, Litigation and Contingencies in the accompanying financial statements for additional discussion regarding litigation).

At June 30, 2007, the \$(52,813,029) of net deficit represents the accumulated results of all governmental operations. Accordingly, if the School Board had to pay off all of its bills today, including all of our noncapital liabilities (for example compensated absences and claims), we would have insufficient unrestricted assets to pay the liabilities.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Government-Wide Financial Analysis, Continued

TABLE 2
Condensed Comparative Statement of Activities (in thousands)
For the Years Ended June 30, 2007 and 2006

	<u>Governmental Activities</u>		<u>Variance</u>	<u>Variance</u>
	<u>2007</u>	<u>2006</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
			<u>Amount</u>	<u>Percent (%)</u>
Revenues				
Program Revenues:				
Charges for services	\$ 25,410		\$ 25,410	100.00%
Operating grants	33,549	\$ 33,802	(253)	0.75%
Capital grants	4,034		4,034	100.00%
Total program revenues	<u>62,993</u>	<u>33,802</u>	<u>29,191</u>	<u>86.36%</u>
General Revenues:				
Ad valorem taxes	83,673	65,314	18,359	28.11%
Sales taxes	88,459	64,117	24,342	-37.96%
Investment earnings	9,325	2,585	6,740	260.74%
Minimum Foundation Program	33,379	98,181	(64,802)	-66.00%
Other general revenues	18,422	18,640	(38)	0.21%
Total general revenues	<u>233,258</u>	<u>248,657</u>	<u>(15,399)</u>	<u>-6.19%</u>
Total revenues	<u>\$ 296,251</u>	<u>\$ 282,459</u>	<u>\$ 13,792</u>	<u>4.88%</u>

(continued)

**ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Government-wide Financial Analysis, Continued

TABLE 2, Continued
Condensed Comparative Statement of Activities (in thousands)
For the Years Ended June 30, 2007 and 2006

	Governmental Activities		Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percent (%)
	2007	2006		
Functions/Program Expenses				
Instruction:				
Regular programs	\$ 22,992	\$ 85,734	\$ (62,742)	-73.18%
Special education programs	8,556	19,937	(11,321)	-57.08%
Other instructional programs	16,203	21,429	(5,226)	-24.39%
Support Services:				
Student services	3,250	10,405	(7,155)	-68.77%
Instructional staff support	3,795	6,060	(2,265)	-37.38%
General administration	7,939	10,660	(2,721)	-25.53%
School administration	1,597	9,508	(7,911)	-83.20%
Business services	10,149	32,039	(21,890)	-68.32%
Plant services	5,543	41,351	(35,808)	-86.60%
Student transportation services	9,273	4,332	4,941	114.06%
Central services	16,111	5,603	10,508	187.54%
Other	2,630	6,765	(4,135)	-61.12%
Food services	2,113	4,584	(2,471)	-53.90%
Transfer to RSD schools	81,019	3,327	77,692	2335.20%
Transfer to Charter schools	46,223	24,712	21,511	87.05%
Interest on long-term debt	16,614	16,982	(368)	2.17%
Repairs on behalf of RSD schools	12,915		12,915	100.00%
 Total expenses	 266,922	 303,428	 (36,506)	 -12.03%
 Change in net assets	 29,329	 (20,969)	 50,298	 -239.87%
 Beginning net assets (deficit)	 (100,888)	 (100,445)	 (443)	 .44%
Prior periods adjustments	18,746	20,526	(1,780)	-8.67%
Beginning net assets (deficit), as restated	(82,142)	(79,919)	(2,223)	2.78%
Ending net assets (deficit)	\$ (52,813)	\$ (100,888)	\$ 48,075	-47.65%

**ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Government-wide Financial Analysis, Continued

Total revenues for all governmental activities for the two fiscal years ended June 30, 2007 and June 30, 2006 were \$296,251,000 and \$282,459,000, respectively (Table 2). The increase in total revenue in 2007 compared to 2006 in the amount of \$13,792,000 is a result of charges for services provided to other governments totaling \$25,410,000; increased ad valorem tax revenues of \$18,359,000; increased sales tax revenues of \$24,342,000; and an increase in interest income of \$6,740,000 offset by a reduction of \$64,802,000 in State of Louisiana Minimum Foundation Program funding. The increase in ad valorem tax and sales tax revenues is due to the continued increase in construction and purchasing activities as the population and tourists return to New Orleans after Hurricane Katrina. The reduction in Minimum Foundation Program (MFP) is due to fewer students and a reduction in MFP funding as local ad valorem and sales tax revenues increased.

The overall decrease in operating costs of \$33,694,000 results from a reduction expenses to match the student population serviced by the School Board operating schools, offset by increased transfers to the RSD and Charter Schools of \$77,692,000 and \$21,511,000 respectively. The transfers to the RSD represents their share of local revenues for the fiscal year based on the ratio serviced by each entity. The transfers to the Charters represents their share of state minimum foundation funding and local revenue share based on their student population. The School Board continues to focus on the provisions of instructional and related support services aimed at academic excellence of its student population.

As reported in the Statement of Activities (Table 2), the total costs of all of our governmental activities for the two fiscal years ended June 30, 2007 and 2006 were \$ 266,922,000 and \$ 303,428,000, respectively. Some of the costs were funded by those who benefited from the programs or by other governments and organizations who subsidized certain programs by providing funds reflected in operating grants revenues in the amount of \$33,549,000 for 2007 and \$33,802,000 for 2006. The School Board funded for the remaining "public benefit" portion of our governmental costs with revenues from sales and ad valorem taxes of \$172,132,000 for 2007 and \$129,431,000 for 2006. Additionally, \$33,379,000 for 2007 and \$98,181,000 for 2006 was provided from State MFP funds. Other revenues, including interest and State revenue sharing, funded for the remaining "public benefit" governmental costs.

Table 3, Comparative Governmental Activities, reflects the gross cost of program services and the net costs of those services after taking into account the program revenues for the governmental activities. General revenues (including tax revenue), investment earnings, and unrestricted State entitlements are used to support the net remaining costs of the School Board's activities.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Government-Wide Financial Analysis, Continued

TABLE 3
Comparative Governmental Activities (in thousands)
For the Years Ended June 30,

	2007		2006	
	Gross Cost of Services	Net Cost of Services	Gross Cost of Services	Net Cost of Services
Regular instruction programs	\$ 22,992	\$ 15,226	\$ 85,734	\$ 74,096
Special instruction programs	8,556	1,483	19,937	17,231
Other education programs	16,203	641	21,429	18,520
Student services	3,250	1,783	10,405	8,993
Instructional staff support	3,795	2,251	6,060	5,237
General administration	7,939	7,548	10,660	9,213
School administration services	1,597	1,518	9,508	8,217
Central services	10,149	9,187	32,039	27,423
Business services	5,543	2,503	4,333	3,744
Student transportation services	9,273	8,747	5,603	4,843
Plant services	16,111	6,566	41,351	35,738
Other	2,630	2,630	6,765	6,765
Food services	2,113	(10)	4,584	4,584
Transfer to the RSD	81,019	81,019	3,327	3,327
Transfer to Charters schools	46,223	46,223	24,712	24,712
Repairs on behalf of RSD schools	12,915	-		
Interest on long-term debt	16,614	16,614	16,981	16,981
Totals	\$ 266,922	\$ 203,929	\$ 303,428	\$ 269,624

Overall, the net cost of services in fiscal 2007 decreased by approximately \$65,883,000 or 24.4 %. There were marked decreases in most categories of 2007 net costs except for transfer to Charter and RSD Schools and repairs on behalf of RSD schools. The major reasons for the decreases are attributed to Hurricane Katrina and ACT 35 which caused lower student population, management staffing, and a reduction in operating grants and contributions. The costs in category "Transfer to Charter & RSD Schools" are in accordance with the changes in School Board operations discussed in previous sections of this MD&A.

ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

School Board's Funds

The School Board uses several individual funds that are included in the Government-wide Financials (Governmental Funds) in order to control and manage money for particular purposes. The individual fund reports and related analysis assists in determining whether the School Board is being accountable for the resources taxpayers and others provide to it. The General Fund is the primary operating fund which reflects the majority of the School Boards revenues and expenses associated with the day to day operations and activities of the schools and its administration. Generally the explanations of the financial activities and year over year variances have been previously discussed in previous sections of this MD&A report.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2007 and 2006, the School Board had invested in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, transportation equipment, and construction-in-progress.

A comparative analysis of capital assets follows:

	Governmental Activities June 30th	
	2007	2006
Land	\$ 7,917,433	\$ 7,917,433
Buildings and improvements	93,844,279	93,844,279
Furniture and equipment	19,334,308	24,682,349
Construction-in-progress	22,026,702	11,906,932
Sub-totals	\$ 143,122,722	\$ 138,350,993
Accumulated Depreciation	(74,972,341)	(80,974,433)
Totals	\$ 68,150,381	\$ 57,376,560

Overall net capital assets increased from June 30, 2006 to June 30, 2007 by a net amount of \$10,774,000. This increase is primarily attributable increases of \$10,120,000 in construction in progress. (See the accompanying Notes to Financial Statements, for additional information regarding capitalization and depreciation policies and changes in capital assets for fiscal 2006).

**ORLEANS PARISH SCHOOL BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Capital Asset and Debt Administration, Continued

Long term debt

Obligations include bonds, notes payable, capitalized leases and other long-term obligations including accrued vacation and sick leave pay. We present more detailed information about our long-term liabilities in Note 9 in the notes to the accompanying financial statements and in earlier sections of this MD&A.

Pursuant to the requirements of LSA-R.S. 39:562, the School Board is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of the taxable property (including homestead exempt and non-exempt property) within the Parish of Orleans. At June 30, 2007 and 2006 the statutory debt limit for general obligation bonds is \$646,148,259 and \$645,853,797, respectively with a net legal debt margin of \$544,890,374 in fiscal 2007 and \$531,527,287 in fiscal 2006.

Economic Factors and Next Year's Budgets and Rates

As Orleans Parish continues to recover from the devastation caused by Hurricane Katrina, the School Board's ad valorem and sales tax revenues should increase as New Orleans rebuilds and its population and economic activity returns.

Contacting the School Board's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School Board's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Mr. Stan Smith, Chief Financial Officer, telephone number (504) 304-5680 or Ms. Thelma French, Administrator of the Office of Government and Community Relations, telephone number (504) 304-5680, at Orleans Parish School Board, 3520 General De Gaulle Drive, New Orleans, Louisiana 70114.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
STATEMENT OF NET ASSETS (DEFICIT)
JUNE 30, 2007

ASSETS

	Primary Government	Component Units
Cash and cash equivalents	\$ 249,542,191	\$ 8,247,526
Investments	-	90,108
Taxes Receivable:		
Sales tax	14,389,321	-
Ad valorem taxes	6,849,338	-
Due from Fiduciary Funds	1,500	-
Due from other governments	38,368,064	3,734,249
Prepaid items	2,578,223	208,600
Inventory	82,461	-
Other receivables	3,698,571	69,489
Other	-	92,335
Long-term accounts receivable-RSD	134,614,742	-
Capital assets		
Land	7,917,433	-
Construction in progress	22,026,702	-
Capital assets, net of accumulated depreciation	38,206,246	1,150,670
TOTAL ASSETS	\$ 518,274,792	\$ 13,593,177

LIABILITIES AND NET ASSETS (DEFICIT)

LIABILITIES

Accounts payable	\$ 12,763,849	\$ 1,100,997
Retainage payable	546,492	-
Payroll withholdings	672,687	10,909
Salaries payable	6,218,700	384,688
Other payables	8,856,573	5,935
Accrued interest payable	3,778,850	81,607
Due to other governments	29,384,087	32,971
Deferred revenues	7,686,675	77,695
Long-term liabilities		
Due to other governments in more than one year	21,056,187	-
Unemployment compensation payable	34,413,084	-
Bonds, notes, loans and capitalized leases due within one year	26,446,256	-
Bonds, notes, loans and capitalized leases due in more than one year	294,335,783	-
Interest payable	32,856,905	-
Compensated absences due within one year	3,648,953	-
Compensated absences due in more than one year	18,542,889	34,871
Claims payable due within one year	5,089,384	-
Claims payable due in more than one year	64,790,467	-
TOTAL LIABILITIES	\$ 571,087,821	\$ 1,729,673

(continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
STATEMENT OF NET ASSETS (DEFICIT)
JUNE 30, 2007

LIABILITIES AND NET ASSETS (DEFICIT)

NET ASSETS

	<u>Primary Government</u>	<u>Component Units</u>
Invested in capital assets, net of related debt	\$ (60,145,631)	\$ -
Restricted for:		
School Food Service	623,905	-
Debt Service	141,744,227	-
Encumbrances	4,029,363	-
Capital Projects	23,539,923	348,523
Instructional Services	-	163,350
Workers' Compensation claims	903,780	
Unrestricted	<u>(163,508,596)</u>	<u>11,351,631</u>
 TOTAL NET ASSETS (DEFICIT)	 <u>\$ (52,813,029)</u>	 <u>\$ 11,863,504</u> (concluded)

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Charges for	Operating Grants	Capital Grants	Primary	Component	
	Expenses	Services	and Contributions	and Contributions	Government	Units
Primary Government:						
Instruction:						
Regular education programs	\$ 22,992,213	\$ 1,957,631	\$ 5,124,558	\$ 683,801	\$ (15,226,223)	\$ -
Special education programs	8,556,312	-	6,818,737	254,470	(1,483,105)	-
Other education programs	16,202,368	-	15,079,338	481,869	(641,161)	-
Support Services:						
Student services	3,250,262	-	1,370,421	96,665	(1,783,176)	-
Instructional staff support	3,794,717	-	1,430,661	112,857	(2,251,199)	-
General administration services	7,939,091	-	155,419	236,114	(7,547,558)	-
School administration services	1,596,729	-	31,258	47,488	(1,517,983)	-
Business services	10,149,082	-	660,370	301,840	(9,186,872)	-
Student transportation services	5,343,442	2,693,181	182,498	164,865	(2,502,898)	-
Central services	9,272,856	-	250,268	275,781	(8,746,807)	-
Plant services	16,111,135	8,685,369	380,781	479,155	(6,565,830)	-
Other	2,630,253	-	-	-	(2,630,253)	-
Food services	2,112,865	58,466	2,064,790	-	10,391	-
Transfer to RSD schools- Local MFP	81,019,409	-	-	-	(81,019,409)	-
Transfer to Charter schools- Local & State MFP	46,222,502	-	-	-	(46,222,502)	-
Repairs on behalf RSD schools	12,914,455	12,015,467	-	898,988	-	-
Interest on long-term debt	16,614,260	-	-	-	(16,614,260)	-
Total Primary Government	266,921,951	25,410,114	33,549,099	4,033,893	(203,928,845)	-
Component Units						
Audubon Charter School	5,151,086	-	-	-	-	(5,151,086)
Hynes Charter School Corporation	2,805,751	-	-	-	-	(2,805,751)
Lake Forest Elementary Charter School	2,158,797	-	-	-	-	(2,158,797)
Lusher Charter School	13,586,028	-	-	-	-	(13,586,028)
The New Orleans Charter Science and Mathematics High School	3,815,586	-	-	-	-	(3,815,586)
The Priestly School of Architecture and Construction	691,788	-	-	-	-	(691,788)
Robert Russa Moton Charter School	1,432,230	-	-	-	-	(1,432,230)
Total Component Units	29,641,266	-	-	-	-	(29,641,266)

(continued)

(continued)

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
STATEMENT OF ACTIVITIES - continued
FOR THE YEAR ENDED JUNE 30, 2007

	Net (Expense) Revenue and Changes in Net Assets	
	Primary Government	Component Units
Net expenses from previous page	\$ (203,928,845)	\$ (29,641,266)
General revenues		
Taxes:		
Ad valorem (property) taxes	83,673,070	-
Sales and use taxes	88,459,307	-
State revenue sharing	2,420,236	-
Grants and contributions not restricted to specific purposes:		
Minimum Foundation Program (MFP)	33,378,463	21,937,917
Other	-	6,477,235
Interest and investment earnings	9,325,178	149,472
Debt forgiveness	285,284	
Internal Service Funds net operating profit	735,082	
Miscellaneous	14,981,825	4,656,886
Total general revenues	233,258,445	33,221,510
Change in net assets	29,329,600	3,580,244
Net assets (deficit) - June 30, 2006, as previously reported	(100,888,886)	7,911,606
Prior period adjustments (note 3)	18,746,257	371,654
Net assets (deficit) - June 30, 2006, as restated	(82,142,629)	8,283,260
Net assets (deficit) - June 30, 2007	\$ (52,813,029)	\$ 11,863,504
		(concluded)

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2007

	General Fund	General Obligation Bond Fund	Refunding Bond Fund	Hurricane Katrina Restoration Fund	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 108,924,496	\$ 40,081,909	\$ 55,775,038	\$ 22,624,185	\$ 13,373,923	\$ 240,779,551
Taxes Receivable:						
Sales tax	14,389,321	-	-	-	-	14,389,321
Ad valorem taxes	6,849,338	-	-	-	-	6,849,338
Due from other funds	30,200,239	3,540,206	-	-	12,221,224	45,961,669
Due from other governments	13,771,925	-	-	9,478,540	15,117,599	38,368,064
Prepaid items	2,578,223	-	-	-	-	2,578,223
Inventory	-	-	-	-	82,461	82,461
Other receivables	905,534	-	-	-	2,187,217	3,092,751
TOTAL ASSETS	\$ 177,619,076	\$ 43,622,115	\$ 55,775,038	\$ 32,102,725	\$ 42,982,424	\$ 352,101,378
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 8,909,885	\$ -	\$ -	\$ 1,605,218	\$ 2,170,416	\$ 12,685,519
Retainage payable	-	-	-	546,492	-	546,492
Payroll withholdings	672,687	-	-	-	-	672,687
Salaries payable	6,218,700	-	-	-	-	6,218,700
Due to other funds	-	-	3,129,012	35,983,004	14,302,011	53,414,027
Due to other governments	22,872,632	-	-	6,511,455	-	29,384,087
Deferred revenues	-	-	-	1,806,271	486,153	2,292,424
TOTAL LIABILITIES	38,673,904	-	3,129,012	46,452,440	16,958,580	105,213,936
Fund balances:						
Reserved for:						
Inventory	-	-	-	-	623,905	623,905
Encumbrances	-	-	-	4,025,477	3,886	4,029,363
Debt service	43,645,794	43,622,115	52,646,026	-	1,830,292	141,744,227
Prepaid items	2,578,223	-	-	-	-	2,578,223
Capital items	-	-	-	-	23,539,923	23,539,923
Unreserved, reported in:						
General Fund - Undesignated	92,721,155	-	-	-	-	92,721,155
Capital Projects Fund	-	-	-	(18,375,192)	-	(18,375,192)
Special Revenue Fund	-	-	-	-	25,838	25,838
TOTAL FUND BALANCES (DEFICIT)	138,945,172	43,622,115	52,646,026	(14,349,715)	26,023,844	246,887,442
TOTAL LIABILITIES AND FUND BALANCES	\$ 177,619,076	\$ 43,622,115	\$ 55,775,038	\$ 32,102,725	\$ 42,982,424	\$ 352,101,378

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total Fund Balances at June 30, 2007 - Governmental Funds		\$	246,887,442
Cost of capital assets at June 30, 2007	\$	143,122,722	
Less: Accumulated depreciation as of June 30, 2007:			
Buildings		(60,010,647)	
Movable property		<u>(14,961,694)</u>	68,150,381
Accounts receivable-RSD			134,614,742
Consolidation of Internal Service Funds			903,780
Long-term liabilities at June 30, 2007:			
Bonds payable		(216,868,730)	
Capital leases		(6,820,908)	
Notes payable		(4,177,801)	
Loans payable		(92,914,600)	
Interest payable		(36,635,755)	
Claims payable		(68,290,467)	
Due to other governments in more than one year		(21,056,187)	
Unemployment insurance payable		(34,413,084)	
Compensated absences payable		<u>(22,191,842)</u>	<u>(503,369,374)</u>
Total net assets (deficit) at June 30, 2007 - governmental activities		\$	<u><u>(52,813,029)</u></u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD**New Orleans, Louisiana****GOVERNMENTAL FUNDS****STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****June 30, 2007**

	General Fund	General Obligation Bond Fund	Refunding Bond Fund
REVENUES			
Local sources:			
Ad valorem taxes	\$ 81,526,074	\$ 15,479,953	\$ -
Sales and use tax	62,850,261	-	22,590,774
Earnings on investments	5,850,194	431,164	1,338,858
Food services	-	-	-
Donations	32,932	-	-
Other	17,819,998	-	-
State and federal sources:			
Minimum Foundation Program	32,791,755	-	-
State revenue sharing	2,420,236	-	-
Other	406,370	-	-
Federal sources	214,677	-	-
TOTAL REVENUES	203,912,497	15,911,117	23,929,632
EXPENDITURES			
Current:			
Instruction:			
Regular programs	14,704,750	-	-
Special programs	1,644,518	-	-
Other programs	953,387	-	-
Support:			
Student services	1,701,780	-	-
Instructional staff support	1,057,502	-	-
General administration	7,130,149	-	-
School administration	1,434,032	-	-
Business services	8,120,944	-	-
Student transportation services	4,908,926	-	-
Central services	8,265,779	-	-
Plant services	13,317,687	-	-
Food services	-	-	-
Capital outlay	41,782	-	-
Other	7,619	-	-

(continued)

Hurricane Katrina Restoration Fund	Other Governmental Funds	Total
\$ -	\$ -	\$ 97,006,027
-	3,018,272	88,459,307
1,131,744	573,218	9,325,178
-	58,466	58,466
-	51,881	84,813
12,629,482	9,675,123	40,124,603
-	586,708	33,378,463
-	-	2,420,236
-	1,657,145	2,063,515
7,299,304	27,920,684	35,434,665
21,060,530	43,541,497	308,355,273
4,285,094	1,659,611	20,649,455
-	6,039,961	7,684,479
15,000	13,583,065	14,551,452
-	1,217,301	2,919,081
-	2,350,558	3,408,060
-	-	7,130,149
-	-	1,434,032
555,449	438,563	9,114,956
-	69,675	4,978,601
-	62,233	8,328,012
1,092,633	59,194	14,469,514
-	2,112,865	2,112,865
10,549,905	3,487,235	14,078,922
2,429,178	193,456	2,630,253

(continued)

ORLEANS PARISH SCHOOL BOARD**New Orleans, Louisiana****GOVERNMENTAL FUNDS****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - continued****June 30, 2007**

	General Fund	General Obligation Bond Fund	Refunding Bond Fund
<u>EXPENDITURES, continued</u>			
Debt Service:			
Principal retirement	\$ -	\$ 4,655,000	15,080,000
Interest and bank charges	-	7,633,549	4,268,974
Bond issuance cost	-	6,393	-
TOTAL EXPENDITURES	63,288,855	12,294,942	19,348,974
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 140,623,642	 3,616,175	 4,580,658
 <u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from Debt Service Assistance Loan	33,438,546	-	-
Proceeds from Community Disaster Loan	34,474,961	-	-
Transfers in	554,937	12,288,549	19,343,393
Transfers out	(34,208,275)	(7,491,099)	-
Transfers out-charter schools	(46,222,502)	-	-
Transfers out-Recovery School District	(59,963,222)	-	-
Other	208,867	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(71,716,688)	4,797,450	19,343,393
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	 68,906,954	 8,413,625	 23,924,051
 FUND BALANCES, JUNE 30, 2006, as previously reported	 64,398,353	 35,208,490	 28,721,975
PRIOR PERIOD ADJUSTMENT	5,639,865	-	-
FUND BALANCES, JUNE 30, 2006, as restated	70,038,218	35,208,490	28,721,975
 FUND BALANCES, JUNE 30, 2007	 \$ 138,945,172	 \$ 43,622,115	 \$ 52,646,026

(continued)

The accompanying notes are an integral part of this statement.

Hurricane Katrina Restoration Fund	Other Governmental Funds	Total
\$ -	\$ 4,603,582	\$ 24,338,582
-	647,299	12,549,822
-	-	6,393
<u>18,927,259</u>	<u>36,524,598</u>	<u>150,384,628</u>
 2,133,271	 7,016,899	 157,970,645
-	-	33,438,546
-	-	34,474,961
-	9,913,192	42,100,071
-	(569,395)	(42,268,769)
-	-	(46,222,502)
(12,914,455)	-	(72,877,677)
-	-	208,867
<u>(12,914,455)</u>	<u>9,343,797</u>	<u>(51,146,503)</u>
 (10,781,184)	 16,360,696	 106,824,142
(3,341,966)	9,663,148	134,650,000
(226,565)	-	5,413,300
<u>(3,568,531)</u>	<u>9,663,148</u>	<u>140,063,300</u>
 \$ (14,349,715)	 \$ 26,023,844	 \$ 246,887,442
		(concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUNDS -
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2007

Excess of Revenues and Other Financing Sources		
over Expenditures and Other Uses - Total Governmental Funds	\$	106,824,142
 Prior period adjustment-ad valorem taxes		(13,332,957)
 Capital Assets:		
Capital outlay and other expenditures capitalized	\$	14,078,922
Depreciation expense for year ended June 30, 2007		(3,218,118)
Assets disposed		(86,983)
		<hr/> 10,773,821
 Change in net assets of internal service funds		903,780
 Long-Term Debt:		
Proceeds from Community Disaster Loan		(34,474,961)
Proceeds from Debt Service Assistance Loan		(33,438,546)
Principal portion of debt service payments		24,338,582
Increase in due to other governmental in more than one year		(21,056,187)
Debt forgiveness		285,284
Excess of interest accrued over interest paid		(4,058,045)
Increase in estimate of long-term claims payable		(10,145,912)
Excess of compensated absences used over amounts earned		2,710,599
		<hr/> (75,839,186)
Change in net assets (deficit) - Governmental Activities	\$	<hr/> <hr/> 29,329,600

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
BALANCE SHEET
JUNE 30, 2007

ASSETS

Cash and cash equivalents	\$ 8,762,640
Other receivables	605,820
Due from other funds	<u>11,322,957</u>

TOTAL ASSETS	<u>\$ 20,691,417</u>
--------------	----------------------

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 1,667,714
Due to other funds	3,869,099
Claims payable	8,856,573
Deferred revenue	<u>5,394,251</u>

TOTAL LIABILITIES	<u>19,787,637</u>
-------------------	-------------------

Net Assets:	
Unrestricted	<u>903,780</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,691,417</u>
----------------------------------	----------------------

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007

OPERATING REVENUES

Employer contributions	\$ 6,728,936
Employee contributions	752,559
Retiree contributions	3,794,931
COBRA contributions	245,461
Retiree State contributions	3,180,943
Other contributions	347,642
Interest income	461,635
	<hr/>

TOTAL OPERATING REVENUES	15,512,107
	<hr/>

OPERATING EXPENSES

Premium payments	14,777,024
Other expenses	-
	<hr/>

TOTAL OPERATING EXPENSES	14,777,025
	<hr/>

NET OPERATING INCOME	735,082
----------------------	---------

Transfers out	-
Transfers in	168,698
	<hr/>

CHANGE IN NET ASSETS	903,780
----------------------	---------

NET ASSETS, AT JUNE 30, 2006	-
	<hr/>

NET ASSETS, AT JUNE 30, 2007	\$ 903,780
	<hr/>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUNDS - INTERNAL SERVICE
STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash premiums received	\$ 18,922,813
Cash paid in claims and benefits	(12,050,217)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>6,872,596</u>
NET INCREASE IN CASH	6,872,596
Cash at beginning of year	<u>1,890,044</u>
Cash at end of year	<u><u>\$ 8,762,640</u></u>
 <u>Reconciliation of operating income to net cash used in operating activities</u>	
Operating loss	\$ 735,082
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Transfer in	168,698
Changes in:	
Other receivables	(590,600)
Due from other funds	(518,838)
Prepaid insurance	-
Accounts payable	(497,083)
Deferred revenue	5,394,251
Due to other funds	2,914,709
Claims payable/self-insured losses payable	(733,623)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 6,872,596</u></u>

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	Trust Funds	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 316,696	\$ 376,968
Investments	160,028	-
TOTAL ASSETS	476,724	\$ 376,968
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 57,229
Due to other funds	1,500	-
Due to student groups	-	319,739
TOTAL LIABILITIES	\$ 1,500	\$ 376,968
<u>NET ASSETS</u>		
Held in trust for various purposes	\$ 475,224	

The accompanying notes are an integral part of this statement.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2007

	Trust Funds
<u>ADDITIONS</u>	
Contributions	\$ 132,800
Interest	16,083
Other	<u>5,286</u>
Total additions	154,169
<u>DEDUCTIONS</u>	
Administrative expenses	<u>10,252</u>
Changes in net assets	143,917
Net assets - beginning	<u>331,307</u>
Net assets - ending	<u><u>\$ 475,224</u></u>

The accompanying notes are an integral part of this statement.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

1. GENERAL INFORMATION

The Orleans Parish School Board (School Board) is a corporate body created under Louisiana Revised Statutes 17:51 and 17:121. A board consisting of seven members (the Board) elected from legally established districts is charged with the management and operation of the school system.

The school system, prior to Hurricane Katrina was composed of a central office, 125 schools and support facilities. Student enrollment prior to the hurricane was approximately 60,000. Prior to the hurricane, the School Board employed approximately 8,000 persons, approximately 6,000 of whom are directly involved in the instructional process. The remaining 2,000 employees provided ancillary support such as general administration, repair and maintenance, business and central services, bus transportation and food service.

As of August 29, 2005 the majority of the employees of the School Board were put on Disaster Leave and on March 24, 2006, approximately 8,000 of the School Board's employees were terminated. As of the report date, the School Board has approximately 580 full time or part-time employees of which approximately 480 are involved in the instructional process.

In November 2005 Louisiana House Bill 121 (Act 35) transferred control of each School Board school deemed to be in academic crisis, as determined by standardized student testing results, resulting in approximately 83% (106 schools) of the School Board's former schools being transferred to the Louisiana State Department of Education's Recovery School District (RSD). The RSD is responsible for providing all educational services to students attending the School Board transferred schools. Act 35 provided for the transfer of operational and managerial control of the transferred schools for a period of not less than five years. Further, Act 35 provides the RSD with authorization to manage and retain funding under the Minimum Foundation Program corresponding to the students attending the transferred schools. While the School Board retains ownership of each School Board transferred school, all rights and responsibilities associated with property ownership were transferred to the RSD.

As of the report date the School Board is operating six schools with approximately 2,800 students. The School Board also has twelve charter schools opened and operating that have approximately 6,300 students. The School Board is working collaboratively with the RSD to ensure that a sufficient number of additional schools are opened to provide educational services to the New Orleans student population.

The regular school term begins in mid August and runs through early June.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School Board complies with generally accepted accounting principles (GAAP). The School Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The following is a summary of the School Board's significant accounting policies:

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

A. Financial Reporting Entity

GASB Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School Board is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the School Board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The School Board also has seven component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected School Board members are financially accountable. As of the audit date, only six of eleven component units have submitted audited financial statements. Due to the uncertainty of the timing of completion of the remaining five component unit's audited financial statements, these entities have been omitted from this presentation. Audubon Charter School, Hynes Charter School, Lake Forest Elementary Charter School, New Orleans Charter Science and Math High School, Priestley School of Architecture and Construction, and Robert Russa Moton Charter School have submitted audited financial statements. Copies of submitted audited financial statements are available on the legislative auditors web site at www.la.state.la.us. There are no other primary governments with which the School Board has a significant relationship. Certain units of local government over which the School Board exercises no authority, such as the City-Parish government and other independently elected officials, are excluded from the accompanying financial statements. These units of government are considered separate from those of the School Board. The School Board is not a component unit of any other entity. Component units which require inclusion in the basic financial statements as follows:

Component Units	Number of
Charter Schools	Students
*Audubon Charter School	565
Ben Franklin High School	616
Easton Senior High School	782
Einstein Charter School	473
*Hynes Charter School	337
*Lusher Charter School	1267
*Lake Forest Elementary Charter School	338
*New Orleans Charter Science and Math High School	279
*Priestley School of Architecture and Construction	72
*Robert Russa Moton Charter School	207
Algiers Charter Schools:	
Alice M. Harte Elementary	618
Edna Karr High School	766
Total Charter Student Enrollment	<u>6,320</u>
Primary Government	
Orleans Parish School Board Schools	Number of
Bethune Elementary School	299
John McDonogh High School	982
McMain High School	696
Juvenile Alternative School	210
Benjamin Franklin Elementary	480
PM School at McMain	158
Total OPSB Student Enrollment	<u>2,825</u>

* Submitted 6/30/07 audited financial statements.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation

The School Board's *Basic Financial Statements* consist of the government-wide statements on all of the non-fiduciary activities and the fund financial statements (individual major fund and combined nonmajor fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their proprietary funds, subject to the same limitation. The School Board has elected not to follow subsequent private-sector guidance.

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. Property taxes are recognized when the underlying sales transactions occur. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions; program revenues reduce the cost of the function to be financed from the School Board's general revenues. Operating grants and contributions consist of the many educational grants received from the federal and state government.

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are advances between fiduciary funds and the various functions of the School Board. The government-wide presentation focuses primarily on the sustainability of the School Board as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The internal service funds provide services to the governmental funds. Accordingly, the internal service funds activities were rolled up into the governmental activities in the GWFS. Pursuant to GASB Statement No. 34, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation

Fund Financial Statements (FFS)

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column.

The daily accounts and operations of the School Board are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The funds of the School Board are classified into three broad categories: Governmental, Proprietary and Fiduciary. In turn, each category is divided into separate fund types.

Governmental Fund Types:

General Fund - The General Fund is the primary operating fund of the School Board. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is reported as a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. These funds account for the revenues and expenditures related to Federal, state and local grant and entitlement programs for various educational objectives and child nutrition services. No special revenue funds are considered major funds.

Debt Service Funds - Debt Service Funds, established to meet requirements of bond ordinances and other long-term borrowing are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs and some capitalized leases. A separate Debt Service Fund is maintained for each similar bond issue type (e. g., General Obligation Bonds, Refunding Bonds, EPA Loans) or each refunding, unique issue, or long-term loan currently outstanding.

General Obligation Debt Service Fund - Fund expenditures are related to debt service on outstanding general obligation bonds issued by the Orleans Parish School Board. Fund revenues include receipt of ad valorem taxes from constitutional millage and interest earned on cash balances. Additionally, the School Board may transfer from the General Fund amounts to cover deficiencies, if any, or to provide additional reserves to service future obligations. The General Obligation Debt Service Fund is reported as a major fund.

Refunding Bond Fund - Fund expenditures are related to debt service on outstanding refunding bonds issued by the Orleans Parish School Board. Fund revenues include receipt of sales and use taxes and interest earned on cash balances. Additionally, the School Board may transfer from the General Fund amounts to cover deficiencies, if any, or to provide additional reserves to service future obligations. The Refunding Bond Fund is reported as a major fund.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Presentation

Capital Projects Funds - Capital Projects Funds are used to account for the receipt and disbursement of the proceeds of general bond issues and other special or designated revenues used for the acquisition or construction of major capital facilities, renovations and major repairs (other than General Fund capital outlays, and Special Revenue Fund capital outlays).

Hurricane Katrina Restoration Capital Projects Fund - The fund receipts include projects funded with insurance proceeds received following Hurricane Katrina and FEMA grant monies for reimbursement of allowable expenditures not covered by insurance. Fund expenditures are used for mold remediation inside flooded schools, repairs and major construction to hurricane damaged schools, school facilities and administrative facilities. The Hurricane Katrina Restoration Capital Projects Fund is reported as a major fund.

Proprietary Fund Type:

Internal Service Funds - Internal Service Funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Health Insurance Fund, Workers' Compensation Insurance Fund, Other Insurance Fund and Print Shop Fund are reported as Internal Service Funds. The print shop was destroyed during Hurricane Katrina and is no longer in use.

Fiduciary Fund Types:

Agency Funds - Agency Funds are used to account for assets held by the School Board as an agent for individuals, private organizations or other governmental units and/or other funds. The School Board has one agency fund which is used to account for those monies collected by pupils and school personnel for school and school-related purposes.

Trust Funds - Trust Funds are created to account for cash, investments and other resources contributed by various individuals to the School Board to be expended for purposes for which the trusts were established.

In accordance with GASB, the Fiduciary Funds information is presented separately within this report and is not included in the Government-Wide Financial Statements or Fund Financial Statements.

C. Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The GWFS are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

C. Basis of Accounting/Measurement Focus

The Proprietary Fund and Fiduciary Fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Proprietary Fund type's operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The Governmental Fund type is accounted for on the modified accrual basis of accounting. The following paragraphs describe the revenue recognition practices under that basis.

Revenues

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Charges for services, fines and forfeits, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. The School Board's definition of available means expected to be received within sixty days of the end of the fiscal year for property taxes and generally the next twelve months for other revenues. Revenues not considered available are recorded as deferred revenues.

Non-exchange transactions, in which the School Board receives value without directly giving value in return, include sales tax, property tax, special assessments, grants, entitlements, and donations. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet the availability criteria. Sales taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions of revenue when they are measurable and valid. Special assessments are recognized as revenues only to the extent that individual installments are considered current assets in the governmental fund types. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

The Proprietary Fund type and Trust Funds are accounted for using the accrual basis of accounting; revenues are recognized when earned and expenses are recognized when incurred.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

D. Budget and Budgetary Accounting

The School Board follows these procedures in establishing the budgetary data reflected in the financial statements:

The General Fund and the Special Revenue Funds are the only funds with legally required budgets. The General Fund budget and the Special Revenue Funds' budgets are adopted on an annual basis. These budgets include proposed expenditures and the means of financing them.

Annually, the Superintendent submits to the School Board a proposed annual appropriated budget for the General Fund and Special Revenues Funds. Public hearings are advertised and conducted to obtain taxpayer comments and the proposed budgets are published. The budget is adopted by the School Board and, as required, is submitted no later than September 30 to the State Department of Education for approval. The Superintendent is authorized to move budgeted items within the functional categories, the legal level of control, but may not increase the total amount authorized.

Expenditures for Special Revenue Fund Budgets, except for the Child Nutrition Program, may not exceed budgeted amounts by more than 5% unless a budget revision is approved by the State Department of Education. For the Child Nutrition Program, budget amendments follow the same requirements as the General Fund.

The Capital Projects Funds' budgets are adopted on a project basis, since such projects may be started and completed at any time during the year or may extend beyond one fiscal year. Capital Projects Funds are allocated by project using architectural and engineering estimates. All projects remain programmed and funded until completed or until the School Board decides to eliminate the project. Accordingly, budget and actual comparisons are not reported in the basic financial statements for those funds.

Budgets are prepared on the modified accrual basis of accounting. Unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations at year end that have been approved by the Board are generally expended during the next fiscal year's operations, assuming that the underlying liability is ultimately incurred. Budgeted amounts are as originally adopted or as amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the School Board to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services; they are reported as reservations of fund balance. Outstanding encumbrances are added to the budget in the subsequent year and are reported as expenditures when incurred. Encumbrances as of June 30, 2007 amounted to \$4,029,363.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include interest-bearing demand deposits and short-term investments as described below, with a maturity date within three (3) months of the date of acquisition.

State statutes authorize the School Board to invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. The School Board's Cash Management and Investment Policy requires that cash balances of all funds are combined and invested to the extent possible in direct obligations of the U.S. Government or its agencies, certificates of deposit and other short-term obligations. Interest earned on these investments is distributed to the individual funds on the basis of invested balances of the participating funds during the year.

Investments for the School Board are reported at fair value.

G. Inventory

Government-Wide Level

Inventory is stated at first-in, first-out (FIFO) cost and consists of food items held for consumption at the various schools. The cost of inventory items are recognized as an expense when used.

Fund Level

Inventory of the Child Nutrition Special Revenue Fund consists of food, lunchroom materials, and supplies purchased by the School Board and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at FIFO cost. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are valued at the market value at the date of donation based on market values provided by the USDA. The amount of commodity inventory is included in deferred revenue until consumed.

H. Capital Assets

All capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The School Board maintains threshold levels for capitalizing capital assets as follows: movable capital assets with a cost of \$1,000 or more per unit, all land and land improvements with a cost of \$50,000 or more, and buildings and building improvements that extend the useful life of a building with a cost of \$50,000 or more.

Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the School Board, no salvage value is taken into consideration for depreciation purposes. Useful lives are as follows: from 3 to 10 years for furniture and equipment, 5 to 8 years for transportation equipment, 5 to 20 years for equipment, 25 years for building improvements, 10 to 20 years for improvements other than building, and 20 to 40 years for buildings.

Costs of assets damaged by Hurricane Katrina were reduced by the impairment and the adjusted cost depreciated over the assets remaining useful life.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

I. Reserves and Designations

Portions of fund balances are reserved for future use and, therefore, are not available for appropriation or expenditure. Designations of unreserved fund balances in Governmental Fund types indicate the School Board's plans for the use of financial resources in a future period.

J. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All interfund transfers are reported as operating transfers.

K. Compensated Absences

Under terms of union contracts and School Board policy, each employee is entitled to ten days of sick leave per year. Sick leave may be accumulated without limit; however, employees or their heirs are only reimbursed for accumulated sick leave up to twenty-five days upon death or retirement at the employees' current rate of pay. The accrual computation for earned sick leave is calculated on a 25-day maximum per employee. Sick leave is not payable upon discharge or termination (non-retirement). Upon retirement, accumulated sick leave in excess of reimbursement may be used in the retirement benefit computation as earned service.

Full-time employees who work year-round are granted vacation in varying amounts (maximum of 22 days per year) as established by School Board policy. The School Board's practice is to pay all accumulated unused vacation days.

Sabbatical leave may be granted for medical or professional purposes. Any employee with a teaching certificate is entitled, subject to approval by the School Board, to one (1) semester of sabbatical leave after three (3) years of continuous services, or two (2) semesters of sabbatical leave after six (6) or more years of continuous service. Sabbatical leave is paid at 65% of salary. Sabbatical leave is accrued upon Board approval.

L. Deferred Revenues

The School Board reports deferred revenues when resources are received by the School Board before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the School Board has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

M. Long-term Obligations

For government-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34, the amortization of the costs of bonds is amortized prospectively from the date of adoption of GASB Statement No. 34.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources, net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (continued)

N. Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the School Board's policy to use restricted resources first, then unrestricted resources as they are needed.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. PRIOR PERIOD ADJUSTMENTS

Due to the different measurement focuses of the GWFS (economic resources focus/accrual basis) and the FFS (current financial resources measurements focus); the adjustments impact the financial statements as follows:

Government – wide net assets (deficit) at June 30, 2006, as previously reported	\$ (100,888,886)
Decrease in accounts payable and expenses	1,910,006
Decrease in Federal grant revenue	(150,367)
Increase in E-Rate revenue	905,536
Increase in due from other government and fee from services provided for others	2,029,996
Increase in retiree health care contributions	718,129
Increase in ad valorem taxes	13,332,957
Government – wide net assets (deficit) at June 30, 2006, as adjusted	<u>\$ (82,142,629)</u>

The General Fund's financial statements were impacted as follows:

Fund balance at June 30, 2006, as previously reported	\$ 64,398,353
Decrease in accounts payable and expenditures	1,910,006
Increase in Federal grant revenue	869,922
Increase in E-Rate revenue	905,536
Increase in due from other government and fee from services provided for others	1,236,272
Increase in retiree health care contributions	718,129
Fund balance at June 30, 2006, as adjusted	<u>\$ 70,038,218</u>

The Hurricane Katrina Restoration Fund's financial statements were impacted as follows:

Fund balance at June 30, 2006, as previously reported	\$ 3,341,966
Decrease in Federal grant revenue	(1,020,289)
Increase in due from other government and fee from services provided for others	793,724
Fund balance at June 30, 2006, as adjusted	<u>\$ 3,115,401</u>

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

3. PRIOR PERIOD ADJUSTMENTS, (continued)

Prior period adjustments were related to the following:

- a) Expenditures and accounts payable overstatement related to overestimate of prior years accounts payable
- b) Net decrease in Federal grant revenue related to over accrual of \$1,020,289 in FEMA grant award less under accrual of non major special revenue grants of \$869,922, of which \$784,264 was related to IDEA- Part B.
- c) Increase in E-Rate revenue related to reimbursement of prior year eligible telecommunications expenditures requested during current year.
- d) Increase in due from other governments and fees from services provided for others related to expenditures recorded in the amounts of \$1,236,272 and \$793,724 on Alvarez and Marsal consulting contract for RSD related activities and expenditures repairing RSD properties, respectively.
- e) Increase of \$718,129 in health care contributions related to June 2006 premiums not being properly accrued.
- f) Increase of \$13,332,957 in ad valorem taxes related to payment of 2006 taxes from the City of New Orleans, which occurred more than 60 days after year end and therefore were not recorded similarly in the governmental funds due to the current resources method of revenue recognition.

4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Under state law, all deposits are secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the School Board's name. At June 30, 2007, the carrying amount of the School Board's deposits (demand deposits and time certificates of deposit) was \$249,542,191 and the related bank balances were \$249,623,635. \$1,581,454 of a bank balance of \$1,681,454 held in a self insurance account maintained by a third party provider was uncollateralized at June 30, 2007. Of the remaining \$247,951,181 in bank balances, \$100,000 was covered by federal depository insurance and \$247,851,181 was covered by collateral held by the pledging banks' trust department or agent in the School Board's name at June 30, 2007.

In addition, four schools maintained Student Activity Funds with book and bank balances of \$319,739 and \$376,968, respectively. The bank balances of these accounts were secured by federal depository insurance and the pledge of securities held by the pledging banks agent in the School Board's name. These funds are not assets of the School Board, but rather assets held for the benefit of the students attending those schools and are reported as Agency Funds in Required Supplementary Section and not included in the government-wide financial statements.

Investments

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The School Board has a formal investment policy that limits investment of amounts in excess of immediate cash requirements only to statutorily permitted investments.

Included in investments as of June 30, 2007 are marketable securities, which are uninsured investments for which the securities are held in a fiduciary trust fund, of \$284,238.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

5. AD VALOREM TAXES AND SALES TAX

Ad valorem taxes were levied by the School Board on October 17, 2006 for the calendar year 2007, based on the assessed valuation of property as of October 2006. Values are established by the Orleans Parish Assessors' Offices each year based on 10% of the assessed market value of residential property and commercial land and on 15% of the assessed market value of commercial buildings, public utilities and personal property. The taxes become due on January 1 of each year, and become delinquent on February 1. Before the taxes can be collected, the assessment list (tax roll) must be submitted to the Louisiana Tax Commission for approval. From the day the tax roll is filed in the Board of Tax Commission, it shall act as a lien on each specific piece of real estate thereon assessed, which shall be subject to a legal mortgage after the year for the payment of the tax due on it. Ad valorem taxes are collected by the City of New Orleans and remitted to the School Board on a periodic basis. The taxes are generally collected in December, January, and February of the fiscal year. Due to Hurricane Katrina, \$13,332,957 of 2006 collections were received during fiscal year 2007. As stated in note 2, the School Board recognizes revenue at the fund level by using the current resources focus or modified accrual approach, which is defined as within 60 days of the end of the fiscal year. Therefore, the 2006 taxes were recorded in the current year on a governmental fund basis as the taxes were received substantially after 60 days, but were recorded as a prior period adjustment to net assets for the government-wide statements, which utilize the economic resources measurement or full accrual approach. If taxes are not paid within the period stipulated in the public notice, the property is sold for taxes due at a tax sale held by the City of New Orleans. The tax sale is usually held prior to the end of the School Board's fiscal year.

The following is a summary of authorized and levied ad valorem taxes:

		<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expires</u>
Constitutional Millage		27.65	27.65	Not applicable
Dedicated Millage				
Purpose A	School Books, Materials, and Supplies	2.13	2.13	2008
Purpose B	Early Childhood, Discipline and Dropout Programs	2.13	2.13	2008
Purpose C	Employee Salary, Benefits and Incentives	10.00	10.00	2008
Purpose D	Air Conditioning, Asbestos Removal and Facilities	3.19	3.19	2008
School Board General Obligation Bond Taxes		7.8	<u>7.8</u>	2023
Total Millage			<u>52.90</u>	

Under the Louisiana Constitution, ad valorem taxes other than Constitutional and Bond taxes must be renewed by popular vote every ten (10) years.

All ad valorem taxes are recorded on the basis explained in Note 2C. For governmental funds, revenues are recognized in the accounting period in which they become measurable and available. Property taxes are considered measurable in the calendar year of the tax levy. Available means due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The remaining property taxes receivable are considered available because they are substantially collected within 60 days subsequent to year end.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

5. AD VALOREM TAXES AND SALES TAX. (continued)

The City of New Orleans collects ad valorem taxes on behalf of the School Board, including its' share of delinquent taxes and proceeds from tax sales less a collection fees. The School Board records these taxes as described above net of the City's collection fee.

Sales taxes are assessed and due on the first day of the month subsequent to the month of sale of any retail sales of goods used or consumed within Orleans Parish, including leases and rentals of movable tangible property. The rate of sales tax dedicated to the School Board is one and one-half percent. Revenues arising from the one percent sales tax authorized by the voters of Orleans Parish in 1966 are used exclusively for the payment of salaries of teachers and/or for the general operations of the School Board. The proceeds of the one-half percent sales tax, which was authorized in 1980, are used for the payment of salaries of teachers and other educational employees of the School Board, for the expenses of maintaining and operating schools and for providing funds to pay for capital improvements.

Sales taxes which remain uncollected on the twenty-first day of the month due are classified as delinquent. Sales taxes are collected by the City of New Orleans and the State of Louisiana and are remitted monthly to the School Board. The School Board records these taxes in the period that the underlying transaction occurred, net of the City's collection fee, which amounted to \$1,358,215 for the year ended June 30, 2007.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2007 are as follows:

	<u>Land</u>	<u>Buildings And Improvements</u>	<u>Furniture And Equipment</u>	<u>Construction in Process</u>	<u>Total</u>
<u>Assets at Cost</u>					
Balance at June 30, 2006	\$ 7,917,433	\$ 93,844,279	\$ 15,870,083	\$ 11,906,932	\$ 129,538,727
Additions	-	-	3,959,152	10,119,770	14,078,922
Deletions	-	-	(494,927)	-	(494,927)
Balance at June 30, 2007	<u>\$ 7,917,433</u>	<u>\$ 93,844,279</u>	<u>\$ 19,334,308</u>	<u>\$ 22,026,702</u>	<u>\$ 143,122,722</u>
<u>Accumulated Depreciation</u>					
Balance at June 30, 2006	-	\$ 57,984,028	\$ 14,178,139	-	\$ 72,162,167
Additions	-	2,026,619	1,191,499	-	3,218,118
Deletions	-	-	(407,944)	-	(407,944)
Balance at June 30, 2007	<u>-</u>	<u>\$ 60,010,647</u>	<u>\$ 14,961,694</u>	<u>-</u>	<u>\$ 74,972,341</u>
Capital assets, net of accumulated depreciation at June 30, 2007	<u>\$ 7,917,433</u>	<u>\$ 33,833,632</u>	<u>\$ 4,372,614</u>	<u>\$ 22,026,702</u>	<u>\$ 68,150,381</u>

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

6. CAPITAL ASSETS, (continued)

Depreciation expense and loss on disposals for the year ended June 30, 2007 was charged to the following governmental functions:

Instruction:	Depreciation	Loss on Disposals
Regular education programs	\$ 703,345	\$ 19,011
Special education programs	261,743	7,075
Other education programs	495,641	13,397
Support:		
Student Services	99,428	2,687
Instructional Staff Services	116,083	3,138
General Administration	242,862	6,564
School Administration	48,845	1,320
Business and Central Services	310,467	8,392
Transportation Services	163,192	4,411
Central Services	283,662	7,667
Plant Services	492,850	13,321
	<u>\$ 3,218,118</u>	<u>\$ 86,983</u>

7. DEFINED BENEFIT PENSION PLANS

Plan Description - Substantially all School Board employees participate in either the Teachers' Retirement System of Louisiana or the Louisiana School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled at the State level by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is primarily divided into two plans - the Teachers' Regular Plan and the Teachers' Plan B. Five years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues a publicly available financial report on an annual basis that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or viewing their websites:

Teachers' Retirement System of Louisiana

8401 United Plaza Blvd.
P.O. Box 94123
Baton Rouge, Louisiana 70804-9123
(225) 925-6446
www.trsl.org

Louisiana School Employees' Retirement System

8660 United Plaza Blvd.
Baton Rouge, LA 70809
(225) 925-6484
www.lseers.state.la.us

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

7. DEFINED BENEFIT PENSION PLANS. (continued)

Funding Policy - Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2007 for the School Board and covered employees were as follows:

	<u>School Board</u>	<u>Employees</u>
Teachers' Retirement System of Louisiana		
Regular Plan	15.8%	8.0%
Plan B	15.8%	5.0%
Louisiana School Employees' Retirement System	19.6%	7.5%

As provided by Louisiana Revised Statute 11:103, the School Board's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

2006 and 2007 contributions were significantly reduced due to employees on Disaster Leave effective August 29, 2005. The contributions made to the systems for the past three fiscal years, which substantially equaled the required contributions for each of these years, were as follows:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Teachers' Retirement System of Louisiana	\$ 2,726,789	\$ 5,389,200	\$ 34,934,471
Louisiana School Employees' Retirement System	\$ 114,314	\$ 387,430	\$ 2,767,856

8. POST EMPLOYMENT BENEFITS

In accordance with state statutes, the School Board provides certain post employment health care to its retired employees. Substantially all of the School Board's employees may become eligible for such benefits upon reaching retirement age, if they are currently participating in the active health plan. Starting on February 1, 2006, the School Board paid approximately 25% of the health insurance costs for retired employees and their covered dependents. Retirees contribute 75% of the retiree and dependent coverage premiums. Retirees who are eligible for Parts A and B of Medicare pay a reduced premium for health coverage. Prior to February 1, 2006, the School Board had a traditional fully-insured Health Insurance Plan and recorded expenditures as premiums were paid. On February 1, 2006, the School Board changed to a self insured Health Insurance Plan and record expenditures as amounts are remitted to Coventry Healthcare of Louisiana Insurance Company, a third party administrator that reimbursed medical providers for participant claims. For the year ended June 30, 2007, the School Board's cost for providing all health care benefits to the 905 retired employees and their dependents amounted to \$2,543,739.

The School Board has a continuing future obligation for health care benefits for retired teachers and non-instructional employees and their dependents. This future liability is not funded but will be payable by the General Fund out of future years' operations. This future liability could be significant. Current generally accepted accounting principles, as set forth by the Governmental Accounting Standards Board, do not require the recording of this liability in the basic financial statements.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS

Bonds and Notes Payable

<u>Bonds Payable</u>	<u>Range of Interest in Remaining Years</u>	<u>Final Maturity</u>	<u>Balance as of June 30, 2007</u>
General Obligation Bonds:			
Series 1995 - Issued 10/01/95	5.0 - 5.375%	09/01/18	\$ 27,815,000
Series 1996 - Issued 03/01/96	4.5 - 7.5%	09/01/20	26,065,000
Series 1997 - Issued 03/01/97	4.9 - 7.0%	09/01/21	27,285,000
Series 1997A - Issued 12/01/97	5.0 - 7.0%	09/01/21	27,285,000
Series 1998A - Issued 03/01/98	4.65 - 7.375%	09/01/22	28,540,000
Series 1998B - Issued 03/01/98	4.20 - 5.50%	09/01/20	7,890,000
Refunding Bonds:			
Series 1991 - Issued 12/01/91	7.15%	02/01/15	16,523,730
Series 1995 - Issued 10/01/95	4.75 - 6.0%	06/01/09	7,265,000
Series 1995 A&B - Issued 12/01/95	5.2 - 6.65%	02/01/14	48,200,000
Debt Service Assistance Program Loan	4.64%	7/15/2026	33,438,546
Community Disaster Loan	2.94%	04/18/11	59,476,054
EPA Loans	7.641-8.681%	05/31/13	697,801
Certificates of Indebtedness:			
Series 1999	4.0 - 6.5%	03/01/09	3,480,000
TOTAL			<u>\$ 313,961,131</u>

All of the bonds and notes payable of the School Board are reported in the government-wide financial statements and are serviced by the debt service funds with revenues as described below.

General Obligation Bonds

General Obligation Bonds are backed by the full faith, credit and taxing power of the School Board. Five (5) series of General Obligation Bonds for \$35 million each have been issued: Series 1995, dated October 1, 1995, Series 1996, dated March 1, 1996, Series 1997, dated March 1, 1997, Series 1997A dated December 1, 1997, and Series 1998A dated March 1, 1998. In 1988 \$3,155,000 of General Obligation School Refunding Bonds, Series 1998B, dated March 9, 1998 were issued and used to advance refund \$7,140,000 of General Obligation Series 1995 bonds dated October 1, 1995 maturing in September 2020. These general obligation bonds are insured and are payable from: (1) the annual levy and collection of an unlimited ad valorem tax on all taxable properties; (2) interest earned on net bond proceeds and debt service assets; and (3) revenues collected by the Educational Trust Fund District, as described below.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS, (continued)

General Obligation Bonds

The purpose of the General Obligation Bonds is to provide monies: to improve land for building sites and playgrounds, including construction of necessary sidewalks and streets; to improve school buildings and other related facilities by acquiring necessary equipment and furnishings therefore; and to complete those projects set forth in Capital Improvements Program III.

The Educational Trust Fund District (Trust Fund) is governed by the Board members of the School Board and serves as a conduit for the collection of specific revenues supporting the debt service requirements of the General Obligation Bonds. The Trust Fund is to collect any and all ad valorem property taxes levied and collected on property used for any permanent or temporary land-based casino gaming establishment or on any riverboat and its licensed berth (except for specific taxes levied by the city or downtown development district) for the purpose of repairing, upgrading, improving and acquiring property and the construction of school buildings and related structures, improvements, and constructions owned and operated by the School Board.

On February 17, 1996, the School Board entered into a Cooperative Endeavor Agreement with the Educational Facilities Trust Fund District making available revenues generated from 1.56 mills, representing the 1995 roll forward of the School Board's Constitutional Millage and Proposition Millage, to be pledged and dedicated to the \$175,000,000 General Obligation Bonds (herein referred to as "Roll Forward"). Because the Trust Fund (1) has no assets, (2) is governed by the Board of the School Board, and (3) all its activities are included in the financial statements of the School Board, the separate presentation of the Trust Fund as a component unit or separate entity is not considered necessary.

Refunding Bonds

The Refunding Bonds are special limited School Board obligations payable from and secured by pledge of and lien on ad valorem taxes, sales taxes and revenue sharing. The bonds do not constitute general indebtedness or pledge of the general credit of the School Board.

\$121,698,366 Public School Refunding Bonds, Series 1991, dated December 1, 1991, partially refunded by the Series 1995 A and B Bonds described below - The purpose of these bonds was to refund the Public School Refunding Bonds, Series 1990. The bonds are insured and are payable from the ½% Dedicated Sales Tax and the Constitutional Millage.

\$27,920,006 Public School Capital Refunding Bonds, Series 1995, dated October 1, 1995 - The purpose of these bonds was to advance refund \$27,150,000 of Public School Capital Funding Bonds, Series 1989A, dated June 1, 1989, which were subsequently called and are no longer outstanding. The bonds are insured and are payable from the Purpose D Millage tax approved in 1980.

\$98,970,000 (1995A- Taxable) and \$22,815,000 (1995B- Tax Exempt) Public School Refunding Bonds, dated December 1, 1995 - The purpose of these bonds was to redeem \$105,038,118 principal plus interest of \$8,866,381 on the Capital Appreciation Bonds of the Public School Refunding Bonds, Series 1991, which were subsequently called and are no longer outstanding. The bonds are insured and are payable from: (1) ½% Dedicated Sales Tax and (2) Constitutional Millage, subject to a prior and superior pledge of the tax in favor of the owners of the School Board's outstanding Refunding bonds, Series 1995. These bonds partially refunded the Capital Appreciation Bonds.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS. (continued)

Debt Service Assistance Program Loan

In July 2006, the School Board and the State of Louisiana (the State) entered into a Cooperative Endeavor Agreement whereby the State agreed to lend up to \$76,152,754 from State funds on deposit in the Debt Service Assistance Fund, authorized by the Gulf Opportunity Zone Act of 2005 and Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006, to assist in payment of debt service requirements from 2006 through 2008 due to disruption of revenue streams caused by Hurricanes Katrina and Rita. Draw downs on the loan will be made as debt service payments become due. No principal or interest shall be payable during the initial five year period of the loan. After the expiration of the initial five year period, the loan shall bear interest at a fixed rate of 4.64 percent. Principal payments on the bonds begin in July 2012 and the loan will mature in July 2026. Interest is payable semi-annually on January 15 and July 15 beginning January 2012. The loan may be prepaid without penalty or premium. The School Board has the right to request one extension of its obligation to begin payments under the loan not to exceed five years. As of June 30, 2007, the School Board has drawn down \$33,438,546 on this agreement.

Community Disaster Loan

On August 27, 2006, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the School Board's second application for a disaster loan in the amount of \$33,045,240. On April 18, 2006, the School Board first application was approved in the amount of \$26,430,814, of which \$25,001,093 was drawn down during fiscal year 2006. The School Board drew down the remaining \$1,479,721 and the entire \$33,045,240 related to the amounts approved during the fiscal years ended June 30, 2006 and 2007, respectively. The purposes of these loans are to allow the School Board to carry on existing governmental functions and to expand such functions to meet disaster-related needs. The term of these loan are for five years with an interest rate that based on the five year Treasury rate on the date the Promissory Note is signed by FEMA, plus 1% rounded to the nearest 1/8%, and reducing this total by one half. The interest rates are 2.94% and 2.93% for the loans approved during the fiscal years ended June 30, 2006 and 2007, respectively. The terms of these loans provide for no principal or interest payments for five years from date of loan proceeds and these deferrals may be extended by FEMA for an additional five years. However, interest accrues on a simple interest basis from date of receipt of loan proceeds. The loans are collateralized with the School Board's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of these CDL loans.

As of June 30, 2007, the outstanding principal and accrued interest payable on these loans were \$59,476,054 and \$1,592,440, respectively.

Defeased Bonds

In August 1985, the School Board entered into an advance refunding transaction to effect retirement of the School Board's obligations with respect to the 1952 through 1968 bonds outstanding, at June 30, 1985. At June 30, 2007, the remaining bonds outstanding consisted of the 1961 through 1968 bond issues, which are not included in the School Board's statement of net assets, as they are considered defeased through the establishment of a fully funded escrow to pay debt service on such bonds until maturity. At June 30, 2007, the outstanding principal balance of these 1961 through 1968 bonds totaled \$1,850,000. The 1985 bonds were subsequently refunded and called with the proceeds of the Series 1987 bonds.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS, (continued)

Defeased Bonds

In December 1987, the School Board entered into a \$127,695,000 (par) advance refunding transaction (Series 1987) for all of its outstanding bonds which consisted of \$40,021,335 Public School Refunding Bonds, Series 1985, and \$75,000,000 Public School Sales and Use Tax Bonds, Series 1985, for a total of \$115,021,335. At June 30, 2007, the outstanding principal balance of these 1985 Bonds, which are not included in the School Board's statement of net assets as they are considered defeased, totaled \$16,684,664.

In October 1990, the School Board entered into a \$104,510,380 advance refunding transaction (Series 1990) for a portion of the School Board's Series 1987 Bonds. These securities were deposited in a trust with an escrow agent to provide for all the future debt services payments. Accordingly, the escrow account and the liability for the bonds are not included in the School Board's statement of net assets. As of June 30, 2007, the outstanding principal balance of the Series 1987 Bonds totaled \$48,590,000.

In March 1998, the School Board entered into a \$8,155,000 refunding transaction (Series 1998B) for a portion of the School Board's Series 1995 General Obligations maturing September 2020. At June 30, 2007, the outstanding principal balance of the 1995 bonds, which are not included in the School Board's balance sheet, as they are considered defeased, totaled \$7,140,000.

EPA Loans

Approval was obtained from the State Bond Commission to issue promissory notes on an interest-free basis, repayable over a twenty-year period. Proceeds from the notes finance the removal of asbestos from certain school buildings. The notes, issued to the U. S. Environmental Protection Agency (EPA), have no stated interest rate. Generally accepted accounting principles require that interest be imputed on loans with no stated rate. There are five EPA loans. The two notes from 1985 - 1987 have interest imputed at the rate of 8.681%. The three notes from 1990 - 1992 have interest imputed at the rate of 7.641%. Of the \$5,555,600 of authorized notes that were advanced to the School Board, a remaining balance of \$697,801 is still outstanding and owed at year-end. Semi-annual principal payments are made on the loans which have terms expiring in 2007 through 2013.

Certificates of Indebtedness

In March 1999, the School Board issued a \$14,000,000 Certificate of Indebtedness, Series 1999. These funds are used to purchase computer hardware and software. These Certificates are secured by and payable from excess of annual revenues of the School Board. The Certificate of Indebtedness Series 1996 is subordinated to the lien of the Certificate of Indebtedness Series 1999. The loan is for a period of ten (10) years with interest rates ranging from 4.0% to 6.625%. At June 30, 2007, the remaining balance was \$3,480,000.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS. (continued)

Debt Service Requirements

The annual requirements to amortize all long-term debt outstanding at June 30, 2007, excluding capital leases, accrued compensated absences and claims payable is as follows:

Year ending June 30,	General Obligation Bonds		Refunding Bonds	
	Principal	Interest	Principal	Interest
2008	6,450,000	7,323,194	15,055,000	3,221,140
2009	6,870,000	6,981,253	17,595,000	2,239,030
2010	7,265,000	6,631,285	8,221,876	10,149,736
2011	7,695,000	6,256,204	7,991,087	10,382,823
2012	8,140,000	8,240,465	7,759,240	10,614,200
2013-2017	48,370,000	22,264,123	15,366,527	24,183,521
2018-2022	57,480,000	7,861,006	-	-
2023-2026	2,610,000	66,881	-	-
TOTAL	\$ 144,880,000	\$ 65,624,411	\$ 71,988,730	\$ 60,790,450

Year ending June 30,	GO Zone Bonds		Community Disaster Loan	
	Principal	Interest	Principal	Interest
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	26,430,814	3,818,458
2012	-	775,774	33,045,240	4,761,547
2013-2017	8,734,221	6,781,304	-	-
2018-2022	10,957,534	4,506,410	-	-
2023-2026	13,746,792	1,652,437	-	-
TOTAL	\$ 33,438,546	\$ 13,715,925	\$ 59,476,054	\$ 8,580,005

Year ending June 30,	EPA Loans		Certificates of Indebtedness	
	Principal	Interest	Principal	Interest
2008	106,596	62,543	1,690,000	146,210
2009	119,520	49,619	1,790,000	76,075
2010	275,395	36,696	-	-
2011	196,291	14,149	-	-
2012	-	-	-	-
2013-2017	-	-	-	-
2018-2022	-	-	-	-
2023-2026	-	-	-	-
TOTAL	\$ 697,801	\$ 163,007	\$ 3,480,000	\$ 222,285

Year ending June 30,	Total - All Debt	
	Principal	Interest
2008	23,301,596	10,753,088
2009	26,374,520	9,345,977
2010	15,762,271	16,817,717
2011	42,313,192	20,471,634
2012	48,944,480	24,391,987
2013-2017	72,470,748	53,228,947
2018-2022	68,437,534	12,367,416
2023-2026	16,356,792	1,719,318
TOTAL	\$ 313,961,131	\$ 149,096,084

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS, (continued)

Long-Term Obligation	Balance Beginning	Additions	Retirements	Balance Ending	Balance Due within One Year
General Obligation Bonds					
Series 1995	\$ 27,820,000	\$ -	\$ 5,000	\$ 27,815,000	\$ 1,540,000
Series 1996	27,285,000	-	1,220,000	26,065,000	1,285,000
Series 1997	28,440,000	-	1,155,000	27,285,000	1,220,000
Series 1997A	28,440,000	-	1,155,000	27,285,000	1,220,000
Series 1998A	29,620,000	-	1,080,000	28,540,000	1,145,000
Series 1998B	7,930,000	-	40,000	7,890,000	40,000
Refunding Bonds					
Series 1991	16,523,730	-	-	16,523,730	-
Series 1995	9,880,000	-	2,615,000	7,265,000	2,770,000
Series 1995 A&B	59,730,000	-	11,530,000	48,200,000	12,285,000
Loans					
Debt Service Assistance Program Loan	-	33,438,546	-	33,438,546	-
Community Disaster Loan (CDL)	25,001,093	34,474,961	-	59,476,054	-
EPA Loans	1,200,416	-	502,615	697,801	106,596
Certificate of Indebtedness					
Series 1999	5,075,000	-	1,595,000	3,480,000	1,690,000
Capital Leases					
Energy Retrofit Lease 06/26/03	4,809,000	-	935,000	3,874,000	950,000
Motorola Equipment	1,628,011	-	793,218	834,793	82,545
Classroom Computer Equipment	4,110,148	-	1,998,033	2,112,115	2,112,115
Unemployment Comp. Payable	34,413,084	-	-	34,413,084	-
Interest Payable on Refunding Series 1991	28,022,478	3,241,987	-	31,264,465	-
Interest Payable on CDL	-	1,592,440	-	1,592,440	-
Accrued Compensated Absences	24,902,441	938,354	3,648,953	22,191,842	3,648,953
Liability for Claims Payable	58,144,555	11,835,296	100,000	69,879,851	5,089,384
Due to other governments	-	21,056,187	-	21,056,187	-
Total Long-term Obligations	\$ 422,974,956	\$ 106,577,771	\$ 28,372,819	\$ 501,179,908	\$ 35,184,593

* Interest is compounded and due in the future on previous years interest payable which was recorded as principal.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

9. LONG-TERM OBLIGATIONS. (continued)

Bond Indentures

There are a number of limitations and restrictions contained in the various bond indentures. The School Board is in compliance with all significant covenants.

Statutory Debt Limit

As of June 30, 2007, the statutory debt limit for general obligation bonds was \$646,148,259 and the net legal debt margin was \$544,890,374. There was \$43,622,115 available in the Debt Service Fund to pay debt service requirements on the general obligation bonds outstanding at June 30, 2007.

10. LEASES

Operating Leases

The School Board has a number of operating leases for land, buildings and equipment used for schools and administrative centers. For these leases, the School Board has, as of June 30, 2007, contractual agreements requiring the following annual rental payments:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2008	321,437
2009	322,873
2010	96,371
2011	52,298
2012	44,777

Rental expenditures under operating leases for facilities for the year ended June 30, 2007 amounted to \$437,486.

Capital Leases

The School Board records items under capital leases as an asset and an obligation in the accompanying financial statements. Energy retrofit improvements for 1996-1997 were expensed or are considered fully depreciated.

Assets acquired through other capital leases are as follows:

<u>Asset</u>	<u>Cost</u>	<u>Impairment and Depreciation</u>	<u>Net Asset</u>
School Buses	\$ 5,522,865	\$ 5,522,865	\$ -
Communications Equipment	1,628,011	1,628,011	-
Computer Learning Equipment	6,075,000	6,075,000	-

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

10. LEASES, (continued)

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2007:

	Communications Equipment	Energy Retrofit	Computer Learning Equipment	Total
Fiscal year:				
2008	\$ 130,155	\$ 1,059,125	\$ 2,232,710	3,421,990
2009	130,155	1,060,125	-	1,190,280
2010	130,155	1,058,300	-	1,188,455
2011	130,155	1,002,600	-	1,132,755
2012	130,155	-	-	130,155
2013-2015	390,464	-	-	390,464
Total	1,041,239	4,180,150	2,232,710	7,454,099
Less amounts representing				
Interest	(206,446)	(306,150)	(120,595)	(633,191)
Present value of net minimum lease payment	\$ 834,793	\$ 3,874,000	\$ 2,112,115	\$ 6,820,908

On April 1, 1996, the Louisiana Public Facilities Authority (LPFA) issued \$11,175,000 Lease Revenue Bonds (Orleans Parish School Board Energy Retrofit Project), Series 1996. The bonds were limited and special obligations of the LPFA and were secured by a Trust Indenture, dated April 1, 1996.

The LPFA used the proceeds from the sale of the bonds to: (1) purchase from the School Board certain energy retrofit improvements and equipment for all public school buildings of the School Board (hereinafter referred to as the "Project"); (2) fund a Reserve Fund; and (3) pay the cost of issuance of the bonds, including bond insurance premium. As the improvements and equipment were acquired and installed, the School Board sold the Project to the LPFA and the LPFA concurrently leased the Project to the School Board through a Lease Agreement, dated April 1, 1996, under which the School Board is obligated to annually appropriate funds in an amount sufficient to pay the principal of and interest on the Bonds, as well as other payment obligations, including the Reserve Fund Requirement (as defined in the Indenture), as payments become due.

The Project used the bonds proceeds and the Lease Agreement to implement certain replacement, retrofit and/or upgrade improvements to one hundred twenty-one (121) public school buildings of the School Board designed to reduce operating and maintenance expenses. The improvements to the School Board's existing facilities fall into four (4) major categories, as follows: (1) Energy Management; (2) Heating, Ventilation and Air Conditioning Systems; (3) Lighting Systems; and (4) Water Conservation Measures.

In the event the School Board fails to make any rental payment under the Lease Agreement, pursuant to a Withholding Agreement, the Trustee is authorized to notify the State Treasurer, who will then withhold the School Board's allocation of State Revenue Sharing Funds in the amount equal to any deficiency not paid as required under the Lease Agreement.

As of June 30, 2007, the principal balance remaining on the Energy Retrofit capital lease totaled \$3,874,000.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

10. LEASES (continued)

On April 1, 2001, Orleans Parish School Board entered into a capital lease agreement to acquire 800 MHz communications equipment and related software licenses, installation, training and support services. The terms of the capital lease require ten annual payments of \$130,552 through April 1, 2011 at an annual rate of interest of 6.49%. The equipment has a capitalized cost of \$938,956. Due to the equipment destruction during Hurricane Katrina, the creditor requested that the School Board share equally in the loss. As a result, the creditor requested the School Board pay one-half of the remaining principal and interest due, including any amounts in arrears, which totaled \$343,953 of the remaining balance due of \$687,906. The School Board agreed to this settlement offer and made final payment of \$343,953 on September 26, 2006. The School Board recorded debt forgiveness of \$285,284 on the Statement of Activities and no liability for this lease existed for the year ended June 30, 2007.

On January 1, 2005, Orleans Parish School Board entered into a capital lease agreement to upgrade communication equipment. The terms of the capital lease require ten annual payments of \$130,155 through January 1, 2015 at an annual interest rate of 5.19%. The equipment has a capitalized cost of \$995,810.

As of June 30, 2007, the principal balances remaining on the 2005 communications equipment capital leases totaled \$834,793.

On November 15, 2004, Orleans Parish School Board entered into a capital lease agreement to acquire computer learning equipment for classroom instructional support funded through the Title I grant. The terms of the capital lease require 3 annual payments of \$2,232,710 through August 20, 2007 at an annual interest rate of 5.71%. The equipment has a capitalized cost of \$6,075,000. The School Board made final payment on this capital lease during fiscal year 2008 even though the state has provided notification that it does not intend to reimburse this expenditure with Title I funds. The states decision to disallow reimbursement for the final payment is related to the former president of the School Boards entry of a guilty plea in Federal Court for accepting a bribe in return for supporting the resolution to authorize the purchase of the equipment under this capital lease.

As of June 30, 2007, the principal balance remaining on computer learning equipment totaled \$2,112,115.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Notes to the Financial Statements
June 30, 2007

11. DUE TO/FROM OTHER FUNDS

Individual balances due to/from other funds at June 30, 2007, are as follows:

	<u>Due to other funds</u>	<u>Due from other funds</u>
Governmental Funds		
General Fund	\$ -	\$ 30,200,239
General Obligation Bonds-Debt Service	-	3,540,206
Refunding Bonds-Debt Service	3,129,012	-
Hurricane Katrina Restoration Fund	35,983,004	-
Other Nonmajor Governmental Funds		
Other Federal	14,281,783	-
State and Local	-	109,053
Child Nutrition	-	538,277
MIS Project Funding	-	1,806,606
Short-Term Financing	-	23,686
GO Bonds Funded Capital Projects	-	5,251,073
Proposition D Funded Capital Projects	-	4,271,257
Harrah's Casino Funded Capital Projects	20,228	-
CDBG Funded Capital Projects	-	221,272
Expendable Trust	1,500	-
Proprietary Funds		
E-Rate	343,663	-
Employee Health Insurance	-	1,267,363
Workers' Compensation Insurance	-	10,055,594
Retiree Insurance	3,525,436	-
	<u>\$ 57,284,626</u>	<u>\$ 57,284,626</u>

12. CHANGES IN AGENCY FUNDS – DEPOSITS DUE OTHERS

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
<u>Agency Fund</u>				
Student Activity	\$ 459,206	\$ 939,623	\$ 1,079,090	\$ 319,740
	<u>\$ 459,206</u>	<u>\$ 939,623</u>	<u>\$ 1,079,090</u>	<u>\$ 319,740</u>

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Notes to the Financial Statements
June 30, 2007

13. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

On-behalf payments for fringe benefits and salaries are direct payments made by an entity (the paying agent) to a third-party recipient for the employees of another legally separate entity (the employer entity). GASB Statement No. 24 requires employer governments to recognize revenue and expenditures or expenses for these on-behalf payments. The state of Louisiana made pension contributions (regarding Professional Improvement Program) directly to the Teachers' Retirement System of Louisiana on behalf of the School Board in the amount of \$31,008. On behalf revenues and related expense is recorded in the General Fund.

14. LITIGATION AND CONTINGENCIES

Claims

The School Board is a defendant in several workers' compensation, personal injury, personnel action and contractual lawsuits. Provisions for losses for these lawsuits are recorded in the financial statements, principally in long-term debt obligations. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, are covered by the recorded liability. A summary of significant claims are as follows:

Madeline Edwards, Individually and o/b/o Her Minor Son, Derrick Edwards vs. Orleans Parish School Board, et al. Our File No.: 63062 (1989 football injury; student now quadriplegic)

The case involves a student athlete who was paralyzed in a football game. As of the report date there is no trial set and mediation of the claim is seriously being considered by all parties. The only parties remaining in the litigation are the Orleans Parish School Board and the excess insurance carrier for St. Augustine High School (the opposing football team). All of the other defendants have either settled their claims with the plaintiff and/or have been dismissed from the suit (settlements total \$1.05 million). The plaintiff's settlement demand to the School Board is for \$3.6 million. The School Board's General Counsel believes the current settlement demand to be unsupportable and unreasonable. The case was settled subsequent to June 30, 2007 for \$1.25 million.

UTNO v. OPSB ("Paycheck Stub" Grievances)

UTNO alleges violations of the collective bargaining agreements regarding the School Board's failure to provide an itemized accounting for the payroll processed in September 2005. Specifically, UTNO claims the collective bargaining agreements were violated since employees have not received payroll check stubs/check slips. The School Board is in the process of setting up a system to combine the payroll data of several of its previous systems that were used to make the September 2005 payroll. Once this is done, the employee pay check stubs will be prepared and distributed to the affected employees. A settlement agreement of this arbitration was approved August 1, 2007 required the Board to generate and mail pay advice forms to the last known address of affected employees. No payments were required by the settlement agreement.

UTNO v. OPSB ("Health and Welfare Trust Fund" lawsuit)

In these lawsuits currently pending in Civil District Court for Orleans Parish, the Health and Welfare Trust Fund is seeking \$457,410 and \$4,998,400, respectively, it contends it is owed for the 2004 - 2005 school year in unpaid employee-trust fund contributions.

The School Board has filed an Answer and Reconventional Demand asking for dissolution of the trust fund in light of the expiration of the collective bargaining agreements between the School Board and the Union. The School Board is anticipating a favorable outcome.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

14. LITIGATION AND CONTINGENCIES (continued)

Effective September 18, 2007, a settlement agreement was entered into with United Teachers of New Orleans ("UTNO") to bring to conclusion the following litigation, grievances, and arbitrations pending between the Board and UTNO. The Board agreed to pay UTNO \$7 million in annual installments of \$3.5 million on October 31, 2007 and October 31, 2008.

UTNO vs. Orleans Parish School Board; three (3) UTNO grievances:

UTNO has filed a grievance on the School Board's decision not to make contributions to the Health and Welfare Trust Fund for the 2005-2006 school year. The arbitrator ordered the School Board to make payments to the fund for a nine-month period during the 2005 - 2006 school year. The School Board's General Counsel estimates the exposure associated with this payment at \$3.75 million. However, the arbitrator also provided the Board with a damages offset of \$1.9 million per month for 2 and ½ months. The offset is greater than the damages award; consequently, it is the School Board's general counsel's opinion is that the School Board owes nothing stemming from this arbitration.

UTNO has filed a grievance on the School Board's decision to change and cancel health insurance benefits without negotiation. The arbitrator determined that the Board did violate the collective bargaining agreements, however, the arbitrator decided against ordering any monetary relief.

UTNO has filed a grievance on the School Board's decision to charter schools with the Algiers Charter School Association while not applying the collective bargaining agreements to the workers employed by the charter school association. The arbitrator determined that the Board did violate the collective bargaining agreements, however, he decided against ordering any monetary relief.

UTNO challenged the arbitrator's rulings for the three grievances by filing a lawsuit.

UTNO v. OPSB ("Emergency Leave "Grievances")

UTNO claims the collective bargaining agreements were violated since employees who had accumulated accrued sick leave days were not compensated for those sick leave days. The School Board has taken the position that the grievances are untimely and are based on an incorrect interpretation of the contract.

Even if UTNO prevails in this grievance, the liability is already recorded in the long term obligation fund since it is the School Board's policy to pay employees their accrued but unused sick leave when they retire from the school system.

UTNO v. OPSB ("System-wide Closure of Schools" Grievances)

UTNO contends that the collective bargaining agreements were violated when Orleans Parish Public schools were closed following Hurricane Katrina and employees were not paid during the time of closure. The School Board has taken the position that grievances are untimely and contrary to the language of the collective bargaining agreements. In addition, it is the School Board's position that, assuming a violation of the contract occurred; it is a violation which was excused by the impact of Hurricane Katrina which made performance of the contract impracticable. The School Board is unable to determine the outcome of this grievance. The School Board's General Counsel believes that any potential unfavorable judgment would be significantly offset by the unemployment compensation paid to employees and the income earned by employees who took new jobs after the storm.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

14. LITIGATION AND CONTINGENCIES (continued)

UTNO v. OPSB ("State Board of Elementary and Secondary Education (BESE)" lawsuit)

UTNO challenged the State (BESE) takeover of Orleans Parish schools. As remedial relief, the UTNO asked the district court to compel the Board to enter into new collective bargaining agreements as well as provide its members with damages equal to the contract benefits they would have received had they remained employed by the School Board and covered by the existing collective bargaining agreements.

Both the School Board and the State filed exceptions of no cause of action which were granted by the district judge, dismissing the suit. UTNO has appealed and that appeal is currently pending. The School Board is of the opinion that a favorable outcome will be forthcoming.

Federal and State Grants

In the normal course of operations, the School Board receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds.

The School Board's Title I Program has undergone an audit by the U.S. Department of Education. The U.S. Department of Education requested documentation to support approximately \$71,800,000 of questioned costs. A substantial portion of this documentation has been provided to the U.S. Department of Education. The State of Louisiana's Department of Education has also audited IASA, Special Education, and Vocational Educational Programs and questioned costs of approximately \$14,800,000. The possible outcome of these audits cannot be determined as of the report date and, therefore, the School Board is unable to estimate the liability, if any, that may result from these audits.

Investigations

In addition to the computer learning equipment bribery investigation discussed in note 10, a number of payroll and human resource related problems have also been identified in a prior year, including payments to former employees after termination and incorrect withholding and benefit payments. A number of indictments have resulted. The School Board intends to seek full restitution. However, as of the report date, the School Board is unable to determine what the affect of any restitution received would have on the financial statements.

15. COMMITMENTS

At June 30, 2007, the School Board had construction commitments of approximately \$23,539,923. These commitments will be paid out of the Capital Projects Funds.

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA
Notes to the Financial Statements
June 30, 2007

16. INTERFUND OPERATING TRANSFERS

Interfund operating transfers for the year ended June 30, 2007, were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 34,208,275	\$ (554,937)
General Obligation Bonds-Debt Service	7,491,099	(12,288,549)
Refunding Bonds-Debt Service	-	(19,343,393)
Other Nonmajor Governmental Funds		
Other Federal	423,211	(479,707)
State and Local	2,227	(121,321)
Child Nutrition	129,498	-
MIS Project Funding	-	(1,806,606)
Gordon School Loan	14,459	-
Short Term Financing	-	(14,459)
GO Bonds Funded Capital Projects	-	(7,491,099)
Proprietary Funds		
E-Rate	-	(168,698)
	<u>\$ 42,268,769</u>	<u>\$ (42,268,769)</u>

Operating transfers between the General Fund and other funds are generally made to provide supplemental funds for program operations.

17. RISK MANAGEMENT

The School Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; workers' compensation and health insurance for its employees. The School Board has established the following internal service funds to account for and finance these risks of loss:

Health Insurance/Retiree Insurance - These funds are used to account for the employee, retiree and employer contributions to, and the payment of self-insured claims for the Health Insurance Plan. On February 1, 2006, the School Board offered a self-insured employee medical and Health Insurance Plan financed solely by employees and the School Board. The plan has a \$200,000 stop-loss provision, whereby any claims incurred in excess of amount for a single insured is covered by reinsurance purchased by the School Board and in accordance with agreement with Coventry Insurance, Third Party Administrator. Prior to February 1, 2006, the School Board offered a fully-insured Health Insurance Plan and recorded expenditures in the General Fund.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

17. RISK MANAGEMENT (continued)

Workers' Compensation- This fund is used to account for claims arising from employment related injuries. The School Board maintains a self-insurance plan, which includes the purchase of insurance for claims in excess of \$500,000 per occurrence. The workers' compensation limit for each accident is the statutory amount.

Other Insurance- This fund is used to account for retiree paid life insurance premiums and expenditures.

Self-insured litigated claims are not reported in internal service funds, but beginning April 1, 1999 the revenues and expenses for non-litigated claims are in the General Fund. The estimate for litigated claim liabilities is reported in the GWFS.

A reconciliation of the unpaid claims liability, including the litigated claims reserve, as of June 30 is as follows:

	<u>Workers' Compensation Fund</u>	<u>Employee Health Insurance Fund</u>	<u>Retiree Health Insurance Fund</u>	<u>Litigated Claims</u>	<u>Total</u>
Unpaid claims, as previously reported June 30, 2006	\$ 9,590,196	\$ 2,000,000	\$ -	\$ 58,144,555	\$ 69,734,751
Prior period adjustment	-	(1,300,000)	1,300,000	-	-
Unpaid claims, as adjusted June 30, 2006	9,590,196	700,000	1,300,000	58,144,555	69,734,751
Current year claims incurred and changes in estimates	3,457,687	2,126,338	8,846,817	11,835,296	26,266,138
Claims paid	(4,191,310)	(2,589,535)	(9,015,125)	(100,000)	(15,895,970)
Unpaid claims as of year ended June 30, 2007	<u>\$ 8,856,573</u>	<u>\$ 236,803</u>	<u>\$ 1,131,692</u>	<u>\$ 69,879,851</u>	<u>\$ 80,104,919</u>

The above unpaid claims as of June 30 include amounts for claims incurred but not yet reported, as determined from actual claims paid subsequent to year-end as well as an estimate based upon historical lag trends.

18. DEFICITS IN FUND EQUITY

The Hurricane Katrina Restoration Fund had a fund deficit of \$14,349,715 at June 30, 2007. This fund deficit is expected to be funded in the future from FEMA reimbursements, additional insurance proceeds recoveries and potential additional Federal, State or Local Grants and/or loans. Any remaining deficit will be funded by transfers from the General Fund, if necessary. (Note 21)

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

19. EXCESS OF EXPENDITURES OVER APPROPRIATIONS – INDIVIDUAL FUNDS

As reported in the budgetary comparison schedules that are presented as required supplemental information for the year ended June 30, 2007, the General Fund had other financing sources which were \$515,442 below the final budget primarily related to reducing indirect costs on grants by netting the amount against unallowable costs, which are funded by operating transfers from the General Fund.

20. CONTINGENCY FOR UNBILLED FEDERAL REVENUE

Included in Due from other governments are \$5,016,986 of amounts that are unbilled. At this time, it is uncertain whether all of these amounts will be recovered under the federal programs as they are recorded. Once the School Board has billed these amounts and received the reimbursements, adjustments will be recorded as required.

21. HURRICANE KATRINA AND ACT 35 BY LOUISIANA STATE LEGISLATURE

On August 29, 2005 Hurricane Katrina struck the New Orleans area causing widespread damage to properties throughout the region. The School Board's schools, administrative buildings, warehouses and other structures, along with furniture and equipment, and vehicles, were severely damaged or destroyed by the hurricane. It is estimated that the total gross damage to the School Board's property could approximate \$900,000,000. The storm damage not only caused an immediate negative economic impact to the New Orleans region, but it will also have long-term negative economic consequences to the region and the School Board. This adverse impact is evidenced by lower ad valorem and sales tax revenues that support the School Board's operations, as well as higher operating costs and extensive rebuilding costs that will not be fully covered by insurance proceeds or other government programs or grants such as FEMA. These issues are discussed in further detail below:

Insurance Proceeds

The School Board had insurance policies in effect at the time of the hurricane for comprehensive property damage (including flood), casualty, business interruption and other coverage's in the aggregate amount of \$200,000,000 and additional insurance policies covering flood damage in the amount of \$17,800,300. As of June 30, 2006, the insurers have remitted \$25,000,000 for property damage and \$9,214,219 for flood damage for a total of \$34,214,219 (see Act 35 below for allocation of \$24,841,409 of these total insurance proceeds to the new RSD School District). The School Board has filed lawsuits against its insurers to collect its remaining claims for additional aggregate damage of approximately \$175,000,000. Since the outcome of these lawsuits, including the timing and exact amount of insurance recoveries are uncertain as of the report date, the potential net recoveries have not been included in the accompanying financial statements. The School Board has made an additional flood insurance claim for \$1,825,000 which may represent the maximum amount of flood insurance coverage remaining by individual property. These proceeds will be recorded in fiscal year 2008 when and if they are received. The School Board also received additional transportation insurance proceeds in the amount of \$3,500,000 prior to June 30, 2006 and \$1,500,000 in October 2007 for losses to its transportation assets including leased school buses. Both of these transportation insurance receipts, totaling \$5,000,000, were recorded as revenue in the General Fund as of June 30, 2006.

The School Board estimates that a significant portion of the hurricane related losses will be covered through grants from the Federal Emergency Management Association (FEMA), Community Development Block Grants (CDBG) potential grants from other Federal and/or State agencies and through additional insurance recoveries. Although some of the School Board's schools have been repaired and reopened, assessments and repair of the damages by the School Board's employees, consultants, contractors, and FEMA is ongoing as of the report date. See additional information regarding FEMA below.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

21. HURRICANE KATRINA AND ACT 35 BY LOUISIANA STATE LEGISLATURE (continued)

Employee Layoffs after the Storm

The majority of the employees of the School Board were put on disaster leave effective as of the date of the storm and, on March 24, 2006, approximately 8,000 of the School Board's employees were terminated. The School Board paid the terminated employees approximately \$4.6 million in accrued vacation benefits and approximately \$2.1 million in accrued sick leave. As of the report date, the School Board had approximately 580 full time or part-time employees. The laid off employees have also received extended unemployment compensation benefits from the State of Louisiana Department of Labor amounting to approximately \$34,413,000 as of June 30, 2007. These unemployment compensation benefits are not expected to be extended any further by the State. The School Board has the responsibility to reimburse the State for these unemployment benefits. Since the State has deferred the School Board's payment of this liability until July 2008, the liability has been classified as long-term in the statement of net assets (see Footnote 9).

Charter Schools Openings Following Hurricane Katrina

The School Board has approved twelve Charter Schools. As of June 30, 2007, the twelve Charter schools had approximately 6,320 students and the School Board's six schools had approximately 2,825 (see Act 35 below for information about the new Recovery School District (RSD)). The School Board provides the Charter schools and the RSD schools with their pro rata share of local ad valorem and sales tax funding along with a pass through of the Charter schools share of State funds provided through the Minimum Funding Program (MFP). The State remits directly to the RSD schools for their share of MFP. The total amount of local tax and MFP funding paid by the School Board to its Charter Schools amounted to approximately \$46.5 million for fiscal year ended June 30, 2007. The amount of local tax funding paid by the School Board to the RSD schools amounted to approximately \$40.0 million for the same period.

The School Board is also responsible for managing Federal and State grants for both its own schools and the Charter Schools (called Special Revenue Programs). The amount of Federal funding that was paid to the School Board to be passed through to the Charter Schools amounted to \$9,826,815 for the year ended June 30, 2007.

ACT 35

In November 2005, Louisiana House Bill 121 (Act 35) transferred control of each School Board school deemed to be in academic crisis, as determined by standardized student testing results, to the Louisiana State Department of Education's Recovery School District (RSD). This Act resulted in approximately 83% (106 schools) of the School Board's former schools being transferred to the new RSD. Effective with the passage of Act 35, the RSD is responsible for providing all educational services to students attending the transferred schools. The bill provided for the transfer of operational and managerial control of the transferred schools for a period of not less than five years. Further, the bill provides the RSD with authorization to manage and retain funding under the Minimum Foundation Program and its pro rata share of local ad valorem and sales taxes corresponding to the students attending the transferred schools. While the School Board retains ownership of each transferred school, Act 35 transferred all rights and responsibilities associated with property ownership to the RSD. At the direction of The Louisiana Department of Education, the School Board transferred the net book value (after impairment due to Hurricane Katrina) of the transferred schools to the RSD and recorded a long term receivable from the RSD in the amount of \$134,614,742 as the bill provides for the schools to be returned to the School Board at the conclusion of Act 35.

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

21. HURRICANE KATRINA AND ACT 35 BY LOUISIANA STATE LEGISLATURE (continued)

The summary of the properties transferred is as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 19,727,972	\$ -	\$ 19,727,972
Building and improvements	263,849,452	157,308,775	106,540,677
Furniture and equipment	58,541,683	50,195,590	8,346,093
	<u>\$ 342,119,107</u>	<u>\$ 207,504,365</u>	<u>\$ 134,614,742</u>

Insurance Proceeds to RSD

During 2006, the School Board received \$34,214,219 of insurance proceeds related to wind and flood damage to its schools. Act 35 provided that any insurance proceeds that are not used by the School Board for debt service requirements, are to be allocated to both the School Board and to the RSD to be used to help fund the storm damage repairs to each of their respective schools. Since the insurance companies have not yet provided a complete allocation of the insurance proceeds by school, an estimate was made to allocate the insurance proceeds. The estimated allocation, which may change in the future when better facts are known, amounted to \$9,372,810 for the School Board's remaining schools and \$24,841,409 for the schools transferred to RSD. This liability to the RSD is offset by expenditures the School Board incurred on behalf of the RSD resulting in a net liability for the year ended June 30, 2007 of \$6,511,355. This net liability is recorded in the Katrina Restoration Fund (See below).

Rebuilding of the School Board's and RSD Schools with FEMA Assistance

The RSD hired a consulting firm to assist them in the management of the rebuilding of the schools in the New Orleans area. This contract also provided for the management of the insurance recoveries and the assistance being provided by the Federal Government through FEMA. The School Board has also contracted with the consulting firm for the same purpose. In order to get the rebuilding process started as soon as possible, FEMA required the School Board to be the "FEMA Applicant" regardless of whether it was an RSD school or a School Board controlled school.

This requirement was subsequently changed by FEMA whereby each School District was made responsible for its own schools. In the interim however, the School Board incurred expenditures on behalf of the RSD and received FEMA reimbursements on behalf of the RSD. At June 30, 2007, the net payable to the RSD by the School Board regarding the FEMA related rebuilding and operating activities and the related insurance proceeds allocations are as follows:

Hurricane Katrina Restoration Fund

Due to RSD, as previously reported, June 30, 2006	\$ 19,320,647
Prior Period Adjustment (note 3)	<u>(793,724)</u>
Due to RSD, as adjusted, June 30, 2006	18,526,923
FEMA reimbursements received on behalf of RSD	898,988
Rebuilding expenditures incurred on behalf of RSD	<u>(12,914,556)</u>
Due to RSD, for year ended June 30, 2007	<u>\$ 6,511,355</u>

**ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA**

Notes to the Financial Statements

June 30, 2007

21. HURRICANE KATRINA AND ACT 35 BY LOUISIANA STATE LEGISLATURE (continued)

Additionally, the School Board incurred certain operating expenditures on behalf of the RSD to help insure that students would not be negatively impacted by the transfer of schools. Plant services expenditures primarily consisted of property insurance premiums and utility bills for RSD buildings paid by the School Board on behalf of RSD. The beginning balance of the receivable includes the prior year recorded utility expenditures and an allocation of consulting fees on a contract with Alvarez and Marsal for services provided not previously recorded. The School Board purchased educational services on behalf of the RSD and those costs were reimbursed by the RSD during the year. All other operating expenditures paid on behalf of the RSD have not been reimbursed and are recorded in the receivable presented below. Revenues and expenses are presented in the Statement of Activities as Charges for Services alongside the corresponding program expenditures, while revenues are shown as Other Revenue in The General Fund.

General Fund

Due from RSD, as previously reported, June 30, 2006	\$ 906,848
Prior Period Adjustment (note 3)	<u>1,236,272</u>
Due from RSD, as adjusted, June 30, 2006	<u>2,143,120</u>
Utility (Plant) expenditures incurred on behalf of RSD	2,768,702
Insurance (Plant) expenditures incurred on behalf of RSD	5,912,832
Contracted educational services incurred on behalf of RSD	1,957,631
Transportation expenditures incurred on behalf of RSD	32,940
RSD payments to reimburse for on behalf expenditures	<u>(1,957,631)</u>
Due from RSD, for year ended June 30, 2007	<u>\$ 10,857,594</u>

State and Local Funding

The Minimum Foundation Program (MFP) formula adopted by the State Board of Elementary and Secondary Education and approved by the Legislature determines the cost of a minimum foundation program of education and helps to allocate the funds equitably to parish and city schools systems. Orleans Parish School Board received a per pupil allocation of \$3,809 for the year ended June 30, 2007. Based on a student enrollment of 8,998, the School Board was allocated \$33,378,463, which includes an adjustment of \$885,136 related to overpayments received in a prior year. The School Board received \$9,702,480 and the remaining \$23,675,983 was applied as a reduction to the amounts owed by the School Board to the Recovery School District for their share of the Local MFP.

The School Board receives local funding from sales and ad valorem tax, which is allocated between the debt service funds, the Recovery School District, the School Board's Charters and the School Board. Due to the uncertainty in the New Orleans tax base following Hurricane Katrina, the Recovery School District conservatively estimated tax collections net of mandatory debt service funding requirements of \$62,997,898. This resulted in an allocation of \$39,963,222 based on student counts of 15,294 and 8,998 for the Recovery School District and the School Board, respectively. During the year the School Board paid the Recovery School District the remaining \$16,287,239 after taking into account the \$23,675,983 credit from the State MFP, as described in the preceding paragraph.

On August 30, 2007, the State Superintendent of Education notified the School Board that based on documented evidence of an increase in actual revenue collections of \$128,506,268; the School Board owed an additional \$41,056,187 to the Recovery School District for the year ended June 30, 2007. The School Board contends that because Act 35 transferred a significant share of the assets to the Recovery School District, they should also receive an equal share of the liabilities. The School Board calculates the Recovery School District's share of these liabilities to equal approximately \$38 million, which offsets all but approximately \$3 million in the amount owed to the Recovery School District. The ultimate resolution of this issue is uncertain and may require continued negotiation between the parties, newly created legislation and/or judicial action. The School Board has recorded \$20 million of the \$41,056,187 owed to the Recovery School District in the general fund. The remaining \$21,056,187 is recorded in the government-wide financial statements as amounts due to other governments.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ 60,850,231	\$ 78,482,920	\$ 97,006,027	\$ 18,523,107
Sales and use tax (including vehicle)	61,726,320	72,124,800	65,868,533	(6,256,267)
Earnings on investments	-	5,400,000	5,850,194	450,194
Other	2,577,960	10,916,581	17,852,930	6,936,349
State and federal sources:				
Minimum Foundation Program	29,104,485	32,137,084	32,791,755	654,671
State Revenue Sharing	3,218,613	3,218,613	2,420,236	(798,377)
Other	195,559	693,301	406,370	(286,931)
Federal sources	107,791	107,791	214,677	106,886
TOTAL REVENUES	157,780,959	203,081,090	222,410,722	19,329,632
<u>EXPENDITURES</u>				
Current:				
Instruction:				
Regular programs	13,791,783	36,062,120	14,704,750	21,357,370
Special programs	3,597,742	5,785,841	1,644,518	4,141,323
Other programs	-	3,299,630	953,387	2,346,243
Support:				
Student services	1,261,672	3,611,089	1,701,780	1,909,309
Instructional staff support	1,508,909	3,376,364	1,057,502	2,318,862
General administration	1,892,308	6,740,401	7,130,149	(389,748)
School administration	1,643,468	3,442,748	1,434,032	2,008,716
Business services	5,460,179	10,866,439	8,120,944	2,745,495
Student transportation services	4,198,065	4,611,039	4,908,926	(297,887)
Central services	6,056,577	8,564,477	8,265,779	298,698
Plant services	11,663,441	14,405,876	13,317,687	1,088,189
Other	1,530,029	331,980	7,619	324,361
Food services	-	-	-	-
Capital outlay	-	59,766	41,782	17,984
Debt Service	-	47,610	-	47,610
TOTAL EXPENDITURES	52,604,173	101,205,380	63,288,855	37,916,525
EXCESS OF REVENUES OVER EXPENDITURES	105,176,786	101,875,710	159,121,867	57,246,157

(continued)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - continued
FISCAL YEAR ENDED JUNE 30, 2007

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<u>OTHER FINANCING SOURCES</u>				
Proceeds from GO Zone	19,471,473	33,438,546	33,438,546	-
Proceeds from Community Disaster Loan	1,429,721	34,474,961	34,474,961	-
Transfers out	(34,170,524)	(71,516,155)	(52,706,500)	18,809,655
Transfers out-charters and Recovery School District	(80,896,376)	(87,291,507)	(106,185,724)	(18,894,217)
Other	988,920	1,279,246	763,804	(515,442)
TOTAL OTHER FINANCING SOURCES (USES)	(93,176,786)	(89,614,909)	(90,214,913)	(600,004)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	12,000,000	12,260,801	68,906,954	56,646,153
FUND BALANCE, JUNE 30, 2006	64,398,353	64,398,353	64,398,353	-
PRIOR PERIOD ADJUSTMENT	5,639,865	5,639,865	5,639,865	-
FUND BALANCE, JUNE 30, 2007	\$ 82,038,218	\$ 82,299,019	\$ 138,945,172	\$ 56,646,153 (concluded)

Ad valorem and sales tax revenue is presented on a gross basis to include amounts dedicated to debts service. The ad valorem taxes dedicated to the General Obligation Fund is 7.8 mills (note 5). The sales tax revenue dedicated to debt service is the lesser of 50 basis points (.5%) of the 150 basis points (1.5%) in Orleans Parish sales tax collections or the actual debt service incurred during the year. Presenting these taxes on a gross basis resulted in tax revenue per budgetary basis exceeding amounts shown in the Statement of Revenues and Expenditures by \$41,088,999. This difference was completely offset by a larger amount shown for transfers out in the other financing sources section and had no net effect on the change in fund balance presented on a budgetary basis versus amount shown in the Statement of Revenues and Expenditures.

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	Special Revenue	Debt Service	Capital Project	Total
ASSETS				
Cash	\$ -	\$ -	\$ 13,373,923	\$ 13,373,923
Investments	-	-	-	-
Due from other funds	647,330	1,830,292	9,743,602	12,221,224
Due from other governments	15,117,599	-	-	15,117,599
Inventory	82,461	-	-	82,461
Other receivables	1,147	-	2,186,070	2,187,217
TOTAL ASSETS	\$ 15,848,537	\$ 1,830,292	\$ 25,303,595	\$ 42,982,424
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 426,972	\$ -	\$ 1,743,444	\$ 2,170,416
Due to other funds	14,281,783	-	20,228	14,302,011
Deferred revenues	486,153	-	-	486,153
TOTAL LIABILITIES	\$ 15,194,908	\$ -	\$ 1,763,672	\$ 16,958,580
Fund balances:				
Reserved for:				
Inventory	\$ 623,905	\$ -	\$ -	\$ 623,905
Encumbrances	3,886	-	-	3,886
Debt service	-	1,830,292	-	1,830,292
Capital projects	-	-	23,539,923	23,539,923
Unreserved, reported in				
Special revenue	25,838	-	-	25,838
TOTAL FUND BALANCES	\$ 653,629	\$ 1,830,292	\$ 23,539,923	\$ 26,023,844
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,848,537	\$ 1,830,292	\$ 25,303,595	\$ 42,982,424

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

JUNE 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
<u>REVENUES</u>				
Local sources:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes		3,018,272		3,018,272
Investment earnings	-	-	573,218	573,218
Food services	58,466	-		58,466
Donations	51,881			51,881
Other	2,084	-	9,673,039	9,675,123
State and federal:				
Minimum Foundation Program	586,708	-	-	586,708
Other	1,657,145	-	-	1,657,145
Federal funds	27,920,684	-	-	27,920,684
TOTAL REVENUES	30,276,968	3,018,272	10,246,257	43,541,497
<u>EXPENDITURES</u>				
Instruction:				
Regular education programs	1,659,611	-	-	1,659,611
Special education programs	6,039,961	-	-	6,039,961
Other education programs	13,583,065	-	-	13,583,065
Support:				
Student services	1,217,301	-	-	1,217,301
Instructional staff services	2,350,558	-	-	2,350,558
Business services	438,563	-	-	438,563
Student transportation services	69,675	-	-	69,675
Central services	62,233	-	-	62,233
Plant services	59,194	-	-	59,194
Food services	2,112,865	-	-	2,112,865
Capital Outlay	-	-	3,487,235	3,487,235
Other	-	-	193,456	193,456
Debt Service:				
Principal retirement	1,998,033	2,605,549	-	4,603,582
Interest and bank charges	234,676	412,623	-	647,299
TOTAL EXPENDITURES	29,825,735	3,018,172	3,680,691	36,524,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	451,233	100	6,565,566	7,016,899

(continued)

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - continued

JUNE 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total</u>
<u>OTHER FINANCING SOURCES AND USES</u>				
Transfers in	601,028	1,821,065	7,491,099	9,913,192
Transfers out	(554,936)	(14,459)	-	(569,395)
 TOTAL OTHER FINANCING SOURCES	 46,092	 1,806,606	 7,491,099	 9,343,797
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 497,325	 1,806,706	 14,056,665	 16,360,696
 PRIOR PERIOD ADJUSTMENT	 -	 -	 -	 -
 FUND BALANCE, JUNE 30, 2006	 156,304	 23,586	 9,483,258	 9,663,148
 FUND BALANCE, JUNE 30, 2007	 <u>\$ 653,629</u>	 <u>\$ 1,830,292</u>	 <u>\$ 23,539,923</u>	 <u>\$ 26,023,844</u>
				(concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2007

	Other Federal	State and Local	Child Nutrition	Total
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Due from other funds	\$ -	\$ 109,053	\$ 338,277	\$ 647,330
Due from other governments	14,633,587	446,823	37,189	15,117,599
Inventory	-	-	82,461	82,461
Other receivables	1,147	-	-	1,147
TOTAL ASSETS	\$ 14,634,734	\$ 555,876	\$ 657,927	\$ 15,848,537
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 352,951	\$ 39,999	\$ 34,022	426,972
Salaries payable	-	-	-	-
Due to other funds	14,281,783	-	-	14,281,783
Deferred revenues	-	486,153	-	486,153
Due to other governments	-	-	-	-
TOTAL LIABILITIES	14,634,734	526,152	34,022	15,194,908
Fund balances:				
Reserved for inventory	-	-	623,905	623,905
Reserved for encumbrances	-	3,886	-	3,886
Unreserved - undesignated	-	25,838	-	25,838
TOTAL FUND BALANCES	-	29,724	623,905	653,629
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,634,734	\$ 555,876	\$ 657,927	\$ 15,848,537

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
June 30, 2007

	Other Federal	State and Local	Child Nutrition	Total
REVENUES				
Local sources:				
Food services	\$ -	\$ -	\$ 58,466	\$ 58,466
Donations	-	51,881	-	51,881
Other	-	2,084	-	2,084
State and federal:				
Minimum Foundation Program	-	-	586,708	586,708
Other	-	1,657,145	-	1,657,145
Federal funds	25,855,894	-	2,064,790	27,920,684
TOTAL REVENUES	25,855,894	1,711,110	2,709,964	30,276,968
EXPENDITURES				
Current				
Instruction:				
Regular education programs	1,275,671	383,940	-	1,659,611
Special education programs	6,021,671	18,290	-	6,039,961
Other education programs	13,364,862	218,203	-	13,583,065
Support:				
Student services	1,183,100	34,201	-	1,217,301
Instructional staff services	1,227,988	1,122,570	-	2,350,558
Business services	417,987	20,576	-	438,563
Student transportation services	66,975	2,700	-	69,675
Central services	62,233	-	-	62,233
Plant services	59,194	-	-	59,194
Other	-	-	-	-
Food services	-	-	2,112,865	2,112,865
Debt Service				
Principal retirements	1,998,033	-	-	1,998,033
Interest and bank charges	234,676	-	-	234,676
TOTAL EXPENDITURES	25,912,390	1,800,480	2,112,865	29,825,735
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(56,496)	(89,370)	597,099	451,233
OTHER FINANCING SOURCES AND USES				
Transfers in	479,707	121,321	-	601,028
Transfers out	(423,211)	(2,227)	(129,498)	(554,936)
TOTAL OTHER FINANCING SOURCES	56,496	119,094	(129,498)	46,092
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	-	29,724	467,601	497,325
FUND BALANCE, JUNE 30, 2006	-	-	156,304	156,304
FUND BALANCE, JUNE 30, 2007	\$ -	\$ 29,724	\$ 623,905	\$ 653,629

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>Gordon School Loan</u>	<u>Motorola Capital Lease</u>	<u>EPA Loan</u>
<u>ASSETS</u>			
Due from other funds	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Fund balances:			
Reserved for debt service		-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

MIS Project Funding	Short-Term Financing	Total
\$ 1,806,606	\$ 23,686	\$ 1,830,292
<u>\$ 1,806,606</u>	<u>\$ 23,686</u>	<u>\$ 1,830,292</u>

1,806,606	23,686	1,830,292
<u>1,806,606</u>	<u>23,686</u>	<u>1,830,292</u>
<u>\$ 1,806,606</u>	<u>\$ 23,686</u>	<u>\$ 1,830,292</u>
(concluded)		

ORLEANS PARISH SCHOOL BOARD

New Orleans, Louisiana

NONMAJOR DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

JUNE 30, 2007

	Gordon School Loan	Motorola Capital Lease	EPA Loan
REVENUES			
Local sources:			
Sales and use tax	\$ -	\$ 604,262	\$ 603,454
TOTAL REVENUES	-	604,262	603,454
EXPENDITURES			
Principal retirement		504,970	505,579
Interest and bank charges		99,292	97,875
TOTAL EXPENDITURES	-	604,262	603,454
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 -	 -
OTHER FINANCING SOURCES AND USES			
Transfer in	-	-	-
Transfers out	(14,459)	-	-
TOTAL OTHER FINANCING SOURCES	(14,459)	-	-
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	 (14,459)	 -	 -
FUND BALANCE, JUNE 30, 2006	14,459	-	-
 FUND BALANCE, JUNE 30, 2007	 \$ -	 \$ -	 \$ -

(continued)

MIS Project Funding	Short-Term Financing	Total
\$ 1,807,106	\$ 3,450	\$ 3,018,272
1,807,106	3,450	3,018,272
1,595,000	-	2,605,549
212,106	3,350	412,623
1,807,106	3,350	3,018,172
-	100	100
1,806,606	14,459	1,821,065
-	-	(14,459)
1,806,606	14,459	1,806,606
1,806,606	14,559	1,806,706
-	9,127	23,586
\$ 1,806,606	\$ 23,686	\$ 1,830,292
(concluded)		

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	GO Bonds Funded Capital Projects	Proposition D Funded Capital Projects	Harris's Casino Capital Projects	CDBG Capital Projects	Total
ASSETS					
Cash	\$ 5,631,209	\$ 731,355	\$ 7,011,359	\$ -	\$ 13,373,923
Due from other funds	5,251,073	4,271,257	-	221,272	9,743,602
Other receivables	-	2,186,070	-	-	2,186,070
TOTAL ASSETS	\$ 10,882,282	\$ 7,188,682	\$ 7,011,359	\$ 221,272	\$ 25,303,595
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,295,677	192,164	34,331	221,272	1,743,444
Due to other funds	-	-	20,228	-	20,228
TOTAL LIABILITIES	1,295,677	192,164	54,559	221,272	1,763,672
Fund balances:					
Reserved for capital projects	9,586,605	6,996,518	6,956,800	-	23,539,923
TOTAL FUND BALANCES	9,586,605	6,996,518	6,956,800	-	23,539,923
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,882,282	\$ 7,188,682	\$ 7,011,359	\$ 221,272	\$ 25,303,595

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
JUNE 30, 2007

	GO Bonds Funded Capital Projects	Proposition D Funded Capital Projects	Harris's Casino Capital Projects	CDBG Capital Projects	Total
REVENUES					
Local sources:					
Earnings on investments	\$ 217,976	\$ 32,352	\$ 232,890	\$ -	\$ 573,218
Ad valorem taxes	-	-	-	-	-
Other revenues	-	2,705,907	6,746,260	221,272	9,673,039
TOTAL REVENUES	217,976	2,737,859	6,999,150	221,272	10,246,257
EXPENDITURES					
Other expenditures	15,377	135,729	42,350	-	193,456
Capital Outlay	2,584,586	681,377	-	221,272	3,487,235
TOTAL EXPENDITURES	2,599,963	817,106	42,350	221,272	3,680,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,311,987)	1,920,753	6,956,800	-	6,565,566
OTHER FINANCING SOURCES AND USES					
Transfers in	7,491,099	-	-	-	7,491,099
Transfer out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	7,491,099	-	-	-	7,491,099
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES	5,179,112	1,920,753	6,956,800	-	14,056,665
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-
FUND BALANCE, JUNE 30, 2006	4,407,493	5,075,765	-	-	9,483,258
FUND BALANCE, JUNE 30, 2007	\$ 9,586,605	\$ 6,996,518	\$ 6,956,800	\$ -	\$ 23,539,923

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUND TYPE
COMBINING BALANCE SHEET
JUNE 30, 2007

	<u>Employee Health Insurance</u>	<u>Retiree Health Insurance</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 8,762,640
Other receivables	12,244	245,935
Due from other funds	<u>1,267,363</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,279,607</u>	<u>\$ 9,008,575</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 236,803	\$ 1,131,692
Due to other funds	-	3,525,436
Liability claims payable/self insured losses	-	-
Deferred revenue	<u>1,042,804</u>	<u>4,351,447</u>
TOTAL LIABILITIES	<u>1,279,607</u>	<u>9,008,575</u>
Net Assets - unrestricted	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,279,607</u>	<u>\$ 9,008,575</u>

(continued)

Workers' Compensation Insurance	E-Rate	Other Insurance	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ 8,762,640
-	347,641	-	605,820
10,055,594	-	-	11,322,957
<u>\$ 10,055,594</u>	<u>\$ 347,641</u>	<u>\$ -</u>	<u>\$ 20,691,417</u>
\$ 295,241	\$ 3,978	\$ -	\$ 1,667,714
-	343,663	-	3,869,099
8,856,573	-	-	8,856,573
		-	5,394,251
9,151,814	347,641	-	19,787,637
903,780	-	-	903,780
<u>\$ 10,055,594</u>	<u>\$ 347,641</u>	<u>\$ -</u>	<u>\$ 20,691,417</u>
			(concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2007

	Employee Health Insurance	Retiree Health Insurance
<u>OPERATING REVENUES</u>		
Employer contributions	\$ 1,128,318	\$ 1,409,308
Employee contributions	752,539	-
Retiree contributions	-	3,794,931
COBRA contributions	245,461	-
Retiree State Contributions	-	3,180,943
Other contributions	-	-
Interest income	-	461,633
TOTAL OPERATING REVENUE	2,126,338	8,846,817
<u>OPERATING EXPENSES</u>		
Central Services	\$ 2,126,338	\$ 8,846,817
Other expenses	-	-
TOTAL OPERATING EXPENSES	2,126,338	8,846,817
NET OPERATING INCOME	-	-
INCOME (LOSS) BEFORE TRANSFERS	-	-
Transfers out	-	-
Transfers in	-	-
CHANGE IN NET ASSETS	-	-
NET ASSETS at JUNE 30, 2006	-	-
NET ASSETS at JUNE 30, 2007	\$ -	\$ -

(continued)

Workers' Compensation Insurance	E-Rate	Other Insurance	Total Internal Service Funds
\$ 4,191,310	\$ -	\$ -	\$ 6,728,936
-	-	-	752,559
-	-	-	3,794,931
-	-	-	245,461
-	-	-	3,180,943
-	347,641	-	347,641
-	-	-	461,635
<u>4,191,310</u>	<u>347,641</u>	<u>-</u>	<u>15,512,106</u>
 \$ 3,287,530	 \$ 516,339	 \$ -	 \$ 14,777,024
-	-	-	-
<u>3,287,530</u>	<u>516,339</u>	<u>-</u>	<u>14,777,024</u>
 903,780	 (168,698)	 -	 735,082
 903,780	 (168,698)	 -	 735,082
-	-	-	-
-	168,698	-	168,698
 903,780	 -	 -	 903,780
-	-	-	-
<u>\$ 903,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 903,780</u>
			(concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
PROPRIETARY FUND TYPE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2007

	Employee Health Insurance	Retiree Health Insurance
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash premiums received	\$ 1,546,731	\$ 12,952,329
Cash paid in claims and benefits	(1,546,731)	(6,444,079)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>-</u>	<u>6,508,250</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Interfund transfers and advances	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	 -	 6,508,250
CASH AT BEGINNING OF YEAR	<u>-</u>	<u>2,254,390</u>
CASH AT END OF YEAR	<u>\$ -</u>	<u>\$ 8,762,640</u>
 Reconciliation of operating income (loss) to net cash provided used by (used in) operating activities		
Operating income (loss)	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:		
Transfers in		
Changes in:		
Other receivables	(12,244)	(245,935)
Due from other funds	(567,363)	-
Accounts payable	(463,197)	(168,308)
Deferred revenue	1,042,804	4,351,447
Due to other funds	-	2,571,046
Claims payable/self-insured losses payable	-	-
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 6,508,250</u>

(continued)

Workers' Compensation Insurance	E-Rate	Other Insurance	Total Internal Service Funds
\$ 4,255,055	\$ 168,698	\$ -	\$ 18,922,813
(3,725,912)	(168,698)	(164,797)	(12,050,217)
529,143	-	(164,797)	6,872,596
-	-	-	-
-	-	-	-
529,143	-	(164,797)	6,872,596
(529,143)	-	164,797	1,890,044
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,762,640</u>
\$ 903,780	\$ (168,698)	\$ -	\$ 735,082
	168,698		168,698
15,220	(347,641)	-	(590,600)
48,525	-	-	(518,838)
295,241	3,978	(164,797)	(497,083)
-	-	-	5,394,251
-	343,663	-	2,914,709
(733,623)	-	-	(733,623)
<u>\$ 529,143</u>	<u>\$ -</u>	<u>\$ (164,797)</u>	<u>\$ 6,872,596</u>
			(concluded)

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana
AGENCY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
June 30, 2007

	<u>Student Activity</u>	<u>Agency Total</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 376,968	\$ 376,968
TOTAL ASSETS	<u>\$ 376,968</u>	<u>\$ 376,968</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 57,229	\$ 57,229
Due to student groups	<u>319,739</u>	<u>319,739</u>
TOTAL LIABILITIES	<u>\$ 376,968</u>	<u>\$ 376,968</u>

ORLEANS PARISH SCHOOL BOARD**New Orleans, Louisiana****AGENCY FUNDS****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****FISCAL YEAR ENDED JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
STUDENT ACTIVITY				
ASSETS				
Cash and cash equivalents	\$ 459,206	\$ 943,192	\$ 1,025,430	\$ 376,968
TOTAL ASSETS	\$ 459,206	\$ 943,192	\$ 1,025,430	\$ 376,968
LIABILITIES				
Accounts payable	\$ -	\$ 57,229	\$ -	\$ 57,229
Due to student groups	459,206	943,192	1,082,659	319,739
TOTAL LIABILITIES	\$ 459,206	\$ 1,000,421	\$ 1,082,659	\$ 376,968
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 459,206	\$ 943,192	\$ 1,025,430	\$ 376,968
TOTAL ASSETS	\$ 459,206	\$ 943,192	\$ 1,025,430	\$ 376,968
LIABILITIES				
Accounts payable	\$ -	\$ 57,229	\$ -	\$ 57,229
Due to student groups	459,206	943,192	1,082,659	319,739
TOTAL LIABILITIES	\$ 459,206	\$ 1,000,421	\$ 1,082,659	\$ 376,968

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GOVERNMENT-WIDE EXPENSES BY FUNCTION
FOR THREE YEARS ENDED JUNE 30, 2007

(Unaudited)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Governmental activities:</u>			
Instruction:			
Regular programs	\$ 22,992,213	\$ 85,733,542	\$ 194,806,464
Special programs	8,556,312	19,936,637	66,739,302
Other instructional programs	16,202,368	21,428,813	59,180,964
Support services:			
Student services	3,250,262	10,405,282	34,502,987
Instructional staff support	3,794,717	6,059,902	27,901,552
General Administration	7,939,091	10,859,523	12,684,929
School administration services	1,596,729	9,507,999	25,265,587
Business services	10,149,082	32,038,962	10,157,784
Student transportation services	5,543,442	4,332,482	19,415,241
Central services	9,272,856	5,603,428	20,320,371
Plant services	16,111,135	41,351,411	48,790,355
Other	2,630,253	6,765,022	454,438
Food services	2,112,865	4,583,986	23,722,467
Transfer to Charter Schools and RSD	127,241,911	28,039,324	
Repairs on behalf RSD schools	12,914,455		
Interest on long-term debt	<u>16,614,260</u>	<u>16,981,797</u>	<u>17,141,313</u>
Total governmental activities	\$ <u>266,921,951</u>	\$ <u>303,428,110</u>	\$ <u>561,083,754</u>

Note: The above information is available only for the three years shown

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

GOVERNMENT-WIDE REVENUES
FOR THREE YEARS ENDED JUNE 30, 2007

(Unaudited)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Program revenues:			
Charges for services	\$ 25,410,114	\$ -	\$ 779,330
Operating grants and contributions	33,549,099	33,801,994	83,163,345
Capital grants and contributions	4,033,894	-	-
General revenues:			
Taxes	172,132,377	129,430,254	200,920,491
State revenue sharing	2,420,236	3,217,414	2,850,361
Grants and contributions not restricted to specific programs	33,378,463	98,180,965	218,612,049
Interest and investment earnings	9,325,178	2,584,163	1,129,215
Miscellaneous	<u>16,002,189</u>	<u>15,243,022</u>	<u>12,392,869</u>
Total governmental activities	\$ <u>296,251,550</u>	\$ <u>282,457,812</u>	\$ <u>519,847,680</u>

Note: The above information is available only for the three years shown

ORLEANS PARISH SCHOOL BOARD
New Orleans, Louisiana

General Fund Expenditures by Function
Last Ten Fiscal Years

(Unaudited)

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
Instructional:				
Regular	\$ 14,704,750	\$ 37,609,376	\$ 165,776,902	\$ 164,822,376
Special	1,644,518	8,751,997	53,973,784	53,480,499
Other instructional programs	953,387	4,031,308	7,104,077	5,085,898
Support Services:				
Pupil	1,701,780	4,756,256	31,991,866	32,144,739
Instructional Staff	1,057,502	1,503,732	12,493,798	12,742,945
General administration	7,130,149	5,193,536	11,867,615	9,909,996
School administration	1,434,032	4,320,659	22,885,725	22,700,785
Business administration				
Business services	8,120,944	17,073,174	9,401,343	13,372,082
Maintenance of plant	13,317,687	17,602,740	46,288,702	47,811,448
Pupil transportation	4,908,926	1,842,567	17,033,284	17,927,731
Central services	8,265,779	2,189,754	19,227,657	16,778,330
Food services	-	-	130,967	150,104
Capital Outlay	41,782	-	630,225	515,854
Other	7,619	771,580	39,660	14,180
Debt Service		3,624,851	1,070,912	716,876
Total	<u>\$ 63,288,855</u>	<u>\$ 109,271,530</u>	<u>\$ 399,916,517</u>	<u>\$ 398,153,841</u>

<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>	<u>1998-99</u>	<u>1997-98</u>
\$ 166,360,842	\$ 180,145,279	\$ 183,466,272	\$ 181,033,851	\$ 132,206,726	\$ 126,336,224
52,522,261	53,170,305	54,123,729	52,036,348	42,425,308	40,887,202
4,884,913	3,187,129	1,756,491	3,791,572	-	-
25,462,287	23,080,876	19,103,994	19,822,572	25,716,086	23,835,058
12,297,344	12,781,215	11,091,857	9,310,240	7,658,787	7,248,140
6,734,137	2,411,736	4,911,423	5,291,808	6,577,085	6,183,756
21,886,416	24,304,930	20,668,888	20,724,547	17,172,879	16,268,629
5,144,277	6,971,371	4,299,055	4,756,515	64,802,795	64,140,095
54,593,385	50,189,705	42,615,493	39,582,554	36,932,338	31,496,548
17,544,713	17,740,299	18,512,315	16,803,935	14,738,484	13,805,154
15,021,260	24,944,125	23,447,465	24,172,164	15,036,356	11,690,184
68,324	45,181	6,014	3,667	-	-
588,018	558,059	658,350	539,191	-	-
272,177	-	-	-	-	-
930,883	-	-	-	1,236,414	1,084,106
<u>\$ 384,311,217</u>	<u>\$ 399,530,210</u>	<u>\$ 384,661,146</u>	<u>\$ 377,868,964</u>	<u>\$ 364,303,258</u>	<u>\$ 342,975,096</u>

ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

JUNE 30, 2007



A Professional Accounting Corporation
www.pncpa.com

ORLEANS PARISH SCHOOL BOARD
NEW ORLEANS, LOUISIANA

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

JUNE 30, 2007

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	Exhibit A
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	Exhibit B
Schedule of Expenditures of Federal Awards	Exhibit C
Schedule of Findings and Questioned Costs	Exhibit D
Summary Schedule of Prior Year Audit Findings and Questioned Costs	Exhibit E

EXHIBIT A

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Orleans Parish School Board
New Orleans, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans Parish School Board (the School Board) as of and for the year ended June 30, 2007, which collectively comprise the School Board's basic financial statements and have issued our qualified report, which included an explanatory paragraph relating to component units not included in the financial statements, thereon dated March 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School Board's financial statements that is more than inconsequential will not be prevented or detected by the School Board's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, and 2007-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 and 2007-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-5.

This report is intended for the information of the Orleans Parish School Board, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Metairie

Metairie, Louisiana
March 17, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Orleans Parish School Board
New Orleans, Louisiana

Compliance

We have audited the compliance of the Orleans Parish School Board (the School Board) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The School Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Board's compliance with those requirements.

In our opinion, the Orleans Parish School Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-4.

Internal Control Over Compliance

The management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over compliance.

A control deficiency in the School Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School Board's ability to administer a federal program such that there is more than a remote likelihood that a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School Board's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The School Board's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School Board's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Orleans Parish School Board as of and for the year ended June 30, 2007, and have issued our qualified report, which included an explanatory paragraph relating to component units not included in the financial statements, thereon dated March 17, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the Orleans Parish School Board, management, federal and state awarding agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postthumath & Mathurthy

Metairie, Louisiana
March 17, 2008

Orleans Parish School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

EXHIBIT C

<u>Federal Grantor/Pass-Through Grantor/Program Name</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor No.</u>	<u>OPSB Expenditure</u>	<u>Charter Pass-Through Expenditure</u>
CASH FEDERAL AWARDS				
United States Department of Homeland Security (FEMA)				
Passed Through Louisiana Department of Education				
FEMA Disaster Relief Program	97.036	-	6,400,316	898,988
Total United States Department of Homeland Security			6,400,316	898,988
United States Department of Agriculture				
Passed Through Louisiana Department of Agriculture:				
Food Distribution Program	10.550	-	138,942	-
Passed Through Louisiana Department of Education:				
School Breakfast Program	10.553	-	64,726	106,777
National School Lunch Program	10.555	-	614,286	1,004,071
Summer Food Service Program	10.559	-	47,595	88,392
Total United States Department of Agriculture			865,549	1,199,240
United States Department of Education				
Passed Through Louisiana Department of Education:				
Improving America's Schools Act (IASA) / No Child Left Behind Act (NCLB):				
Title I Grants to Local Educational Agencies	84.010A	04-T1-36, 05-T1-36, 04-TA-36, 05-TA-36	8,359,522	2,022,968
Migrant Education - Basic State Grant Program	84.011A	05-M1-36	122	-
Reading First	84.357A	05-RF-36	83,090	-
Title III English Language Acquisition	84.367A	04-60-36, 05-60-36, 04-60-36C	124,698	-
Enhancing Education Through Technology	84.318X	05-49-36	1,036,504	-
Title II, Part A, Teacher and Principal Training & Recruiting	84.367A	05-50-36	1,101,191	1,047,190
Title IV (Safe and Drug-Free Schools - State Grant)	84.186A	04-70-36C, 05-70-36	51,476	109,019
Innovative Education Programs Strategies - Title V	84.298A	05-80-36	82,354	98,505
Education for Homeless Children and Youth - Title X	84.196A	05-H1-36	179,710	-
Twenty-First Century Community Learning Centers	84.287	04-CC-36, 05-CC-36	181,134	-
Special Education:				
Grant to States (Part B)	84.027A	04-B1-36, 05-B1-36, 05-B1-36C	6,396,598	-
Early Childhood - FAPE	84.173A	04-P1-36, 05-P1-36	18,455	-
Vocational Education:				
Basic Grants to States - Carl Perkins Grant	84.048	05-02-36	147,600	-
Restart	94.938A	06-IR-36	-	4,450,905
Total United States Department of Education			17,762,454	7,728,587
US Department of Health and Human Services				
Passed Through the Louisiana Department of Education:				
Temporary Aid to Needy Families (TANF):				
After School For All	93.558	05-OS-36, 06-OS-36	91,354	-
LA 4 Pre-Kindergarten Program	93.558	28-0433	273,500	-
Total United States Department of Health and Human Services			364,854	-
United States Department of Defense Direct Programs	12.998	-	214,677	-
Total Cash Federal Awards			25,607,850	9,826,815
LOANS				
United States Department of Homeland Security (FEMA)				
Special Community Disaster Loans	97.030	-	59,476,054	-
Total Expenditures of Federal Awards			85,083,904	9,826,815
				94,910,719

ORLEANS PARISH SCHOOL BOARD

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Orleans Parish School Board and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2007, the organization had food commodities totaling \$60,237 in inventory.

NOTE C - RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The expenditures listed in the accompanying schedule are reported in the following funds in either the governmental funds statement of revenues, expenditures and changes in fund balances (basic statement) or the nonmajor special revenue funds combining statement of revenues, expenditures and changes in fund balance, (supplemental information) of the Orleans Parish School Board's June 30, 2007 financial statements.

General Fund	\$ 214,677
Hurricane Katrina Restoration Fund	7,299,304
Other Federal Funds	25,855,894
Child Nutrition Fund	<u>2,064,790</u>
Financial Statement Total	35,434,665
Special Community Disaster Loans included in Statement of Net Assets	<u>59,476,054</u>
Schedule of Expenditures of Federal Awards Total	<u>\$ 94,910,719</u>

EXHIBIT D

ORLEANS PARISH SCHOOL BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

- Material weakness (es) identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ no

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☒ yes ☐ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	FEMA Disaster Public Assistance Grants
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Grant to Local Educational Agencies
84.938	Immediate Aid to Restart School Operations
84.396	Improving Teacher Quality State Grants (Title II)
84.027, 84.173	Special Education Cluster (IDEA)
97.030	Special Community Disaster Loans

- The threshold for distinguishing types A & B programs - \$1,063,040
- The Orleans Parish School Board did not qualify as a low-risk auditee.

B. Findings – Financial Statement Audit

2007-1 Special Revenue Account Reconciliations

- Criteria:** An adequate internal control structure would require the timely reconciliation of all special revenue expenditure accounts on a monthly basis to ensure that all transactions are properly recorded and that the accounts do not contain any errors.
- Condition:** Many expenditure balances in several special revenue funds required several adjustments.
- Cause:** Due to the absence of written procedures and inadequate management supervision, the School Board does not have an adequate control environment to ensure that all special revenue expenditure accounts are reconciled on a monthly basis.
- Effect:** The failure to properly examine/reconcile special revenue expenditure accounts in a timely manner could result in errors and/or irregularities that may exist without being identified and corrected. The unadjusted balances in the special revenue expenditure accounts were incorrect and, therefore, management and budgetary controls could not be performed effectively.
- Recommendation:** The School Board should implement an adequate control environment that includes written procedures and management monitoring to ensure that all special revenue expenditure accounts are reconciled in a timely manner and reviewed by an appropriate supervisor. Written procedures should specifically identify employees to perform the reconciliations and the supervisor that is responsible for the review and approval.
- Management's Response:** We agree with this recommendation. Specific individuals have been assigned the responsibility for monitoring, on a periodic basis, actual expenditures to ensure that they are correct and proper. Additionally, written procedures have been developed and are being distributed to the relevant employees.

2007-2 Internal Control Over Financial Reporting

- Criteria:** The definition of internal controls over financial reporting is that policies and procedures exist that pertain to an entity's ability to initiate, record, process, and report financial data consistent with the assertions embodied in the annual financial statements, which for the School Board is that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Our responsibility under current audit standards requires us to communicate this issue to management and the Board.
- Condition:** Several transactions were recorded in the incorrect fund. For example, 100 percent of the ad valorem and sales taxes were recorded in the General Fund but a portion of the receipts should have been recorded in the Debt Services Funds. Likewise, the liability for unemployment insurance and several legal claims were recorded in the General Fund but should have been recorded in the Long-Term Obligation Fund.

Effect: During the course of our audit procedures we identified several significant adjusting entries to general ledger accounts. Due to the significance of the financial statement adjustments, this is an indication that the internal control over financial reporting of the School Board meets the definition of a significant deficiency. However, we do not believe that this finding reaches the level of a material weakness.

Cause: Management has an inadequate understanding of the governmental accounting model.

Recommendation: Management should improve its understanding of governmental accounting and financial reporting using the GASB 34 model.

Management's Response: We agree with this recommendation. Steps have been taken to improve management's understanding of the GASB 34 model. Specifically, several individuals will be attending various training sessions. Additionally, management will seek to minimize the differences between internal and external financial reporting.

2007-3 Segregation of Duties

Criteria: Adequate internal controls relating to wire transfers require that specific procedures be in place to ensure that wire transfers are properly accounted for and that there are no misappropriations of the School Board assets.

Condition: Wire transfers can be completed via the internet by one of three authorized individuals without dollar limitations and without an additional individual approving the transfer in the bank system. Some bank accounts are monitored on a daily basis by someone other than an authorized individual, but opportunities remain for misappropriation.

Cause: There are no limitations or secondary approvals currently set up in the bank system.

Effect: The lack of dollar limitations and secondary approvals for wire transfers could result in the School Board assets being misappropriated and/or the financial statements being materially misstated.

Recommendation: The School Board should implement additional internal controls relating to the wire transfers function in the form of dollar limitations and secondary approvals. There needs to be additional segregation of duties to ensure that the School Board assets are not misappropriated.

Management's Response: We agree with this recommendation. The authority for certain employees to make wires has been changed. Specific dollar limits have been installed. Wires above the dollar threshold require a secondary approval.

2007-5 Timely Submission of Audit Report To Legislative Auditor

Criteria: Audit reports are required to be submitted to the Louisiana Legislative Auditor within six months of the fiscal year end.

Condition: The audit report was submitted to the Louisiana Legislative Auditor beyond the required six months following the fiscal year end. Extension requests were submitted to extend the due date to March 31, 2008.

Cause: Extensions were requested in order to provide additional time to attempt to receive all of the charter school audit reports to be included as component units in the financial statements.

Effect: The inability of the School Board to receive all of the charter school audit reports timely resulted in the School Board audit being completed beyond the December 31, 2007 submission deadline.

Recommendation: The School Board should implement procedures to ensure timely submission of charter school audit reports.

Management's Response: We agree with this recommendation. Procedures will be implemented to require submission of audit reports from charter schools in a timely manner.

C. Findings – Single Audit OMB Circular A-133 Findings and Questioned Costs

2007-4 Eligibility

Federal program and specific Federal award identification:

CFDA 10.553, 10.555, 10.559 – Child Nutrition Cluster

Criteria: The School Board must maintain records of the students' eligibility for the program. (Code of Federal Regulations Title 7 Chapter II).

Condition: The supporting documentation for three of forty students tested for eligibility could not be provided by the School Board.

Questioned Costs: Questioned costs, if any, cannot be determined.

Cause: The School Board failed to obtain and/or maintain proper documentation to support eligibility for the program.

Effect: The School Board is in violation of the provisions included in the Code of Federal Regulations Title 7 Chapter II.

Recommendation: The Child Nutrition Department should maintain proper supporting documentation of eligibility determinations for all students.

Management's Response: We agree with this recommendation. Child Nutrition has adjusted its practices and developed specific written procedures to ensure that eligibility determinations are properly maintained.

**ORLEANS PARISH SCHOOL BOARD
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

General Overview by Management on the School Board's Accounting and Administrative Situation

As noted in prior years' Audit Reports on Compliance and Internal Control, the School Board's System of Internal Controls and related processes, procedures and human resources were inadequate. These inadequacies compromised the safeguarding of assets and the ability to maintain accurate financial books and records. This situation also resulted in the outside auditors being unable to express an opinion on School Board's annual financial statements for the past three fiscal years.

The School Board hired several consulting firms in 2004 and 2005 to rectify the situation; however this work resulted in only limited improvements. The situation was also hampered by the high turnover of finance and accounting personnel. In July 2005, the School Board hired the consulting and restructuring firm of Alvarez & Marsal (A&M) to provide financial advice and an objective review of the School Board's financial controls, policies and procedures. Specifically, A&M was hired to assess the School Board's existing financial condition and to implement effective financial systems, a restructured finance and accounting organization, and to develop policies and procedures that would improve the accuracy and timely compilation and presentation of financial information. A&M has been actively delivering services, including performing or assisting the School Board's accounting and finance personnel perform their on-going duties, these past 18 months. These services include all the changes made necessary by Hurricane Katrina which occurred in late August, 2005.

Due to the inadequacies of the School Board's system of internal controls and related processes, A&M implemented a temporary control environment as a work around to respond to these deficiencies. This temporary control environment relied upon a series of manual controls involving cash receipts and cash disbursements whereby all receipts and expenditures were manually tracked and A&M retained signatory control over all cash activity. This temporary solution was not intended to be a substitute for a comprehensive system of internal controls, but rather an interim solution during the development and implementation of a new comprehensive financial system. This temporary control environment provided adequate assurance that the School Board's assets were being properly safeguarded and allowed for timely, reliable and accurate financial reporting to be reestablished on an interim basis while the new comprehensive financial system was being implemented.

The School Board's school system has changed substantially since Hurricane Katrina and the enactment of Act 35, which was passed by the Louisiana State Legislature in November, 2005. Act 35 transferred operational control of approximately 83% of the School Board's schools to the Louisiana State Department of Education's Recovery School District (RSD). The student population in the School Board controlled schools and School Board's charter schools has decreased from 63,000 students to approximately 9,400 students and the number of schools continuing to be under the School Board's control was reduced from 126 to 18. During late 2005 and early 2006, the School Board re-opened 6 schools under its direct control (approximately 3,000 students at end of the fiscal year ended June 30, 2006, school year) and authorized the opening of 12 charter schools that had approximately 6,400 students at the end of the current fiscal year. Starting with the fiscal year ended June 30, 2007, 5 of these 12 charter schools were transferred to the control of RSD.

As a result of Hurricane Katrina, the School Board's permanent administrative offices were destroyed forcing the Schools Board to occupy a series of temporary administrative office locations. During a twelve-month period post-Katrina, the School Board's administrative operations were forced to relocate a total of five times until new permanent location was obtained in August 2006. The transient nature of conducting its administrative operations during this period was very disruptive to the School Board's overall administrative operations and had resulted in numerous documents being either misplaced or lost.

During 2006 and 2007 work continued on the development and implementation of a new comprehensive financial system. Many new and or improved internal control processes and procedures have been developed and implemented which are providing a significant improvement to the School Board's internal controls, financial accounting and management reporting. The School Board has also implemented a new Financial Accounting, Human Resources and Payroll System from Tyler Technologies, Inc., Munis Division (Munis). The implementation of this new system started in April of 2006, with the Payroll and Human Resource modules added in July 2006. The Munis AFR Reporting module was implemented in the Fall of 2006 and was used to prepare the fiscal year 2006 Annual Financial Report (AFR) for submission to the State of Louisiana Department of Education. New Crystal financial reports using the Munis System accounting data were developed and tested during the last half of 2006. These management financial reports were implemented during January 2007. There are more control processes and procedures that are in the final stages of development and formalization as of the report date, including new Munis modules for Billing and Accounts Receivable and a new GASB 34 reporting module. The School Board's internal control environment should continue to improve once all of the new procedures and processes are formalized and fully understood and effectively implemented (including the new Munis accounting system) by both new and on-going School Board accounting and administrative employees.

The historic high turnover of the School Board's accounting and administrative staff has continued to hinder the School Board post-Katrina. It has been extremely difficult to find competent accounting, IT, HR and other administrative staff during 2006 and 2007 for either temporary or permanent positions. Some of the newly hired permanent School Board staff commenced working in January and February 2007. As of the report date, the School Board is still using some temporary accounting staff, including staff from other professional consulting firms. As a consequence of the School Board's inadequate staffing since Hurricane Katrina, A&M resources were required to assist in performing the on-going accounting and reporting functions. Many of the new permanent staff have not yet been fully trained in the new control procedures and accounting processes that are currently in existence and those that are in the final stages of development. As soon as this training is completed for all new employees and they develop the necessary understanding and competence, additional significant improvements and efficiencies in the accounting processes should be forthcoming. It is the School Board's plans to have the A&M staff continue to transition their knowledge of the new processes and procedures to both School Board personnel and the temporary professional personnel during the first quarter of 2007. This knowledge transition and the completion of the final procedures by A&M should be completed by March 31, 2007. Most of the A&M staff will then roll off this assignment. Some of the other temporary professional staff may continue on for a period after A&M's departure to continue assisting the School Board's staff with their on going accounting and administrative work and also to help them learn and re-enforce the new control processes and procedures.

Management's responses below for the fiscal year ended June 30, 2006 audit findings will not repeat the above general management overview and overall improvement plan, but it should be taken into consideration when reading management's response to each audit finding.

2006-1 Payroll and Human Resources

Recommendation: The School Board should develop written internal control procedures within the payroll and human resource departments to include a control environment with management monitoring the process to ensure that payroll and human resource personnel are complying with policies established by the School Board.

Current Status: Resolved

2006-2 Accrued Expenses and Disbursements

Recommendation: The School Board should review the accrued expense account on a monthly basis and determine the propriety of the accrued expenses. Also the School Board should implement adequate internal controls relating to the accrued expense/disbursements function. There needs to be management oversight to ensure that the School Board is complying with their policies and procedures.

Current Status: Partially Resolved. The School Board is not maintaining a copy of the signatures for authorization of purchase orders. Therefore, no documentation of purchase order approvals is available. We recommend that this documentation be maintained.

Management's Response: We agree with this recommendation. The purchasing procedures have been modified so that a copy of the signed purchase order is retained.

2006 - 3 Bank Reconciliations

Recommendation: The School Board should implement an adequate control environment that includes written procedures and management monitoring to ensure the research or bank reconciliation outstanding items in excess of 180 days.

Current Status: Partially Resolved. Several old outstanding checks were noted on bank reconciliations; however, they were not considered material to the financial statements.

Management's Response: We agree with this recommendation. Written bank reconciliation procedures have been developed that outline the operational steps for resolving all stale items including checks outstanding in excess of 180 days. These new procedures have been implemented.

2006 - 4 Special Revenue Account Reconciliations

Recommendation: The School Board should implement an adequate control environment that includes written procedures and management monitoring to ensure that all special revenue accounts are reconciled in a timely manner and reviewed by an appropriate supervisor. Written procedures should specifically identify employees to perform the reconciliations and the supervisor that is responsible for the review and approval.

Current Status: Not Resolved. See repeat finding 2007-1.

2006-5 Student Activity Funds

Recommendation: The School Board should implement adequate internal controls relating to the student activity funds.

Current Status: Resolved

2006-6 Segregation of Duties

Recommendation: The School Board should implement adequate internal controls relating to the receipts function in the form of a segregation of duties. There needs to be management oversight to ensure that the School Board is complying with their policies and procedures and to ensure that the School Board assets are not misappropriated.

Current Status: Resolved

2006-7 Timely Submission of Audit Report To Legislative Auditor

Recommendation: It is recommended that the School Board hire a sufficient number of competent accountants and other professionals which will facilitate a timely reconciliation of account balances.

Current Status: Not Resolved. See repeat finding 2007-5.

2006-8 Agreed Upon Procedures

Recommendation: It is recommended that the School Board access information and documentation which will allow for independent auditors to perform agreed upon procedures in the future.

Current Status: Resolved.

C. Findings – Single Audit OMB Circular A-133 Findings and Questioned Costs

2006-9 Disbursement Support

Federal program and specific Federal award identification:

84.010A - Title I, Part A - Grants to Local Educational Agencies

Recommendation: The Program personnel should comply with the provisions of OMB Circular A-87. Supporting documentation should be obtained for all program charges and maintained on file in the School Board's accounts payable department.

Current Status: Resolved

2006-10 Suspension and Debarment

Federal program and specific Federal award identification:

84.010A - Title I, Part A - Grants to Local Educational Agencies

Recommendation: The Procurement Department should comply with the provisions of A-102 Common Rule.

Current Status: Resolved

2006-11 Suspension and Debarment

Federal program and specific Federal award identification:

97.036 – Disaster Grants-Public Assistance Grants

Recommendation: The Procurement Department should comply with the provisions of A-102 Common Rule.

Current Status: Resolved

2006-12 Employee Certifications

Federal program and specific Federal award identification:

84.010A - Title I, Part A - Grants to Local Educational Agencies

Recommendation: The Program Director should comply with the provisions of OMB Circular A-87.

Current Status: Resolved

2006-13 Allocation of Title I Funds to Private Schools

Federal program and specific Federal award identification:

84.010A - Title I, Part A - Grants to Local Educational Agencies

Recommendation: The Program Director should comply with the provisions of Title I, Part A and set up processes whereby the School Board allocates the correct portion of Title I funds to eligible private school children.

Current Status: Resolved

2006-14 Impact Aide Disbursement Support

Federal program and specific Federal award identification:

84.938C – Hurricane Education Recovery Act Programs – Impact Aide

Recommendation: The Program Director should comply with the provisions of the Hurricane Education Recovery Act Program-Impact Aide and set up processes whereby the School Board management provides oversight to ensure that the School Board is complying with disbursement policies and procedures.

Current Status: Resolved. There were no expenditures for the Impact Aide program in fiscal year 2007.

2006-15 Restart Payroll and Human Resources

Federal program and specific Federal award identification:

84.938A – Hurricane Education Recovery Act Programs – Restart

Recommendation: The School Board should develop written internal control procedures within the payroll and human resource departments to include a control environment with management monitoring the process to ensure that payroll and human resource personnel are complying with policies established by the School Board.

Current Status: Resolved

ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

JUNE 30, 2007



Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pncpa.com

ORLEANS PARISH SCHOOL BOARD

NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2007



Postlethwaite
& Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Members of the
Orleans Parish School Board
New Orleans, Louisiana:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Orleans Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Orleans Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

We noted no exceptions.

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2006.

We noted no exceptions.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

We noted no exceptions.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

We noted no exceptions.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

We noted no exceptions.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

We noted no exceptions.

Public Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

We noted no exceptions.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

The number of teacher full-time equivalents (FTE's) used in computation of average salaries for classroom teachers excluding ROTC and rehired retirees originally reported to us did not exclude ROTC and rehired retirees. The number was corrected and included in this report.

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2006 roll books for those classes and determined if the class was properly classified on the schedule.

The original schedule provided to us was prepared using class information as of October 1, 2007. The schedule included in this report was corrected using class information prepared as of October 1, 2006.

The testing of class roll books resulted in seven exceptions. The class size per schedule was less than the class size per roll books in three instances. The class size per schedule exceeded the class size per roll book in four instances. The total number of exceptions resulted in an overstatement of 26 students.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Orleans Parish School Board.

We noted that the 2005 test scores originally reported to us did not agree to the test scores as provided by the testing authority. The 2005 test scores have been revised to reflect the correct scores as provided by the testing authority.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Orleans Parish School Board.

We noted no exceptions.

The Iowa and iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Orleans Parish School Board.

We noted no exceptions.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Orleans Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Matthews

March 17, 2008

**Orleans Parish School Board
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2007**

Schedule 1

General fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Expenditures:

Classroom Teachers Salaries	8,331,275	
Other Instructional Staff Activities	682,739	
Employee Benefits	3,550,171	
Purchased Professional and Technical Services	6,396	
Instructional Materials and Supplies	31,084	
Instructional Equipment	<u>387</u>	
Total Teacher and Student Interaction Activities		12,602,052

Other Instructional Activities

Pupil Support Services:

	1,701,779	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		1,701,779

Instructional Staff Services

	1,057,502	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		1,057,502

School Administration

	1,434,031	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>1,434,031</u>

Total General Fund Instructional Expenditures		<u><u>16,795,364</u></u>
-----------------------------------------------	--	--------------------------

Total General Fund Equipment Expenditures		<u><u>387</u></u>
-------------------------------------------	--	-------------------

**ORLEANS PARISH SCHOOL BOARD
EDUCATIONAL LEVELS OF PUBLIC SCHOOL STAFF
AS OF 10/1/2006**

SCHEDULE 2

CATEGORY	FULL TIME CLASSROOM TEACHERS				PRINCIPAL & ASSISTANT PRINCIPALS			
	CERTIFICATED		UNCERTIFICATED		CERTIFICATED		UNCERTIFICATED	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
LESS THAN A BACHELOR'S DEGREE		0.00%	2	18.18%	0	0.00%	0	0.00%
BACHELOR'S DEGREE	97	54.19%	8	72.73%	0	0.00%	0	0.00%
MASTER'S DEGREE	62	34.84%	0	0.00%	5	62.50%	0	0.00%
MASTER'S DEGREE+30	19	10.61%	1	9.09%	3	37.50%	0	0.00%
SPECIALIST IN EDUCATION	1	0.56%	0	0.00%	0	0.00%	0	0.00%
PH. D. OR ED D.	0	0.00%	0	0.00%	0	0.00%	0	0.00%
TOTAL	179	100.00%	11	100.00%	8	100.00%	0	0.00%

**ORLEANS PARISH SCHOOL BOARD
NUMBER AND TYPE OF PUBLIC SCHEDULE
FOR THE YEAR ENDED 6/30/07**

SCHEDULE 3

TYPE	NUMBER
ELEMENTARY	2
MIDDLE/JR. HIGH	0
SECONDARY	3
COMBINATION	0
TOTAL	5

**ORLEANS PARISH SCHOOL BOARD
EXPERIENCE OF PUBLIC PRINCIPALS AND
FULL TIME CLASSROOM TEACHERS
AS OF 10/1/2006**

SCHEDULE 4

	0-1 YR.	2-3 YRS	4-10 YRS	11-14 YRS	15-19 YRS	20-24 YRS	25+ YRS	TOTAL
ASSISTANT PRINCIPAL			4					4
PRINCIPALS			4					4
CLASSROOM TEACHERS	3	2	30	18	26	24	87	190
TOTAL	3	2	38	18	26	24	87	198

**ORLEANS PARISH SCHOOL BOARD
PUBLIC SCHOOL STAFF DATA
FOR THE YEAR ENDED 6/30/07**

SCHEDULE 5

	ALL CLASSROOM TEACHERS	CLASSROOM TEACHERS EXCLUDING ROTC AND REHIRED RETIREES
AVERAGE CLASSROOM TEACHERS SALARY INCLUDING EXTRA COMPENSATION	38,199	37,978
AVERAGE CLASSROOM TEACHERS SALARY EXCLUDING EXTRA COMPENSATION	38,103	37,883
NUMBER OF TEACHER FULL-TIME EQUIVALENTS(FTE'S) USED IN COMPUTATION OF AVERAGE SALARIES	249.199	248.091

Note: Figures reported include all sources of funding(i.e., federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehirod to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries(e.g., extended medical leave); and ROTC teach usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employee, and any teachers on sabbatical leave during any part of the school year. The numbers above include only teachers that are paid by OPSB.

**ORLEANS PARISH SCHOOL BOARD
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2007**

SCHEDULE 6

SCHOOL TYPE	CLASS SIZE RANGE							
	1 THRU 20		21 THRU 26		27 THRU 33		34+	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
ELEMENTARY	182	28.0%	30	15.2%	0	0.0%	22	78.6%
ELEMENTARY ACTIVITY CLASSES								
MIDDLE								
MIDDLE/JR. HIGH ACTIVITY CLASSES								
HIGH	468	72.0%	187	84.8%	65	100.0%	8	21.4%
HIGH ACTIVITY CLASSES								
COMBINATION								
COMBINATION ACTIVITY CLASSES								
TOTAL	650	100.0%	187	100.0%	65	100.0%	28	100.0%

Note: The numbers above include only class size range for OPSB.

Orleans Parish School Board
Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2007
Schedule 7

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 4								
Advanced	34	7	26	5	15	3	10	2
Mastery	146	30	52	11	70	14	61	13
Basic	208	43	147	31	275	57	128	27
Approaching Basic	63	13	81	17	67	14	73	15
Unsatisfactory	35	7	171	36	59	12	205	43
Total	486	100	477	100	486	100	477	100

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 4								
Advanced	8	2	5	1	9	2	6	1
Mastery	66	14	36	8	88	18	36	8
Basic	246	51	143	30	278	57	167	35
Approaching Basic	117	24	132	28	63	13	87	18
Unsatisfactory	48	10	161	34	47	10	180	38
Total	485	101	477	101	485	100	476	100

District Achievement Level Results	English Language Arts				Mathematics			
	2007		2006		2007		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 8								
Advanced	9	2	10	2	69	13	28	5
Mastery	117	21	68	11	42	8	21	3
Basic	243	44	142	24	218	40	165	27
Approaching Basic	147	27	226	38	125	23	110	18
Unsatisfactory	35	6	149	25	97	18	289	47
Total	551	100	595	100	551	102	613	100

District Achievement Level Results	Science				Social Studies			
	2007		2006		2007		2006	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students								
Grade 8								
Advanced	21	4	8	1	16	3	5	1
Mastery	117	21	51	9	89	16	56	10
Basic	179	32	99	17	246	45	136	24
Approaching Basic	143	26	158	27	106	19	117	20
Unsatisfactory	91	17	262	45	91	17	260	45
Total	551	100	578	99	548	100	574	100

**Orleans Parish School Board
Graduation Exit Exam (GEE)
For the Year Ended June 30, 2007
Schedule 8**

District Achievement Level Results	English Language Arts						Mathematics					
	2007			2006			2005			2007		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Students												
Grade 10												
Advanced	31	3		20	2		35	1		144	13	
Mastery	160	14		135	15		380	9		161	14	
Basic	493	45		306	33		1206	30		434	39	
Approaching Basic	280	25		201	22		1043	26		178	16	
Unsatisfactory	143	13		257	28		1392	34		198	18	
Total	1107	100		919	100		4056	100		1114	100	

District Achievement Level Results	Science						Social Studies					
	2007			2006			2005			2007		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Students												
Grade 11												
Advanced	82	8		59	7		98	3		40	4	
Mastery	152	15		86	10		296	9		152	15	
Basic	315	31		188	22		816	24		483	47	
Approaching Basic	267	26		218	26		749	22		186	18	
Unsatisfactory	204	20		289	34		1419	42		160	16	
Total	1020	100		840	99		3378	100		1021	100	

**Orleans Parish School Board
Iowa and iLEAP Tests
For the Year Ended June 30, 2007
Schedule 9**

Iowa Tests

	Composite	
	2005	2004
Iowa Tests of Basic Skills (ITBS)		
Grade 3	36	35
Grade 5	38	40
Grade 6	32	28
Grade 7	31	30
Iowa Tests of Educational Development (ITED)		
Grade 9	32	33

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

Orleans Parish School Board
Iowa and iLEAP Tests
For the Year Ended June 30, 2007
Schedule 9, continued

iLEAP Tests

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	22	4	17	3	9	2	8	2
Mastery	66	13	39	12	45	9	64	13
Basic	142	28	135	27	130	26	172	34
Approaching Basic	114	22	128	25	172	34	115	23
Unsatisfactory	163	32	166	33	149	30	146	29
Total	507	99	505	100	505	101	505	101

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	9	2	16	3	2	0	11	2
Mastery	60	12	32	6	28	6	34	7
Basic	135	27	151	30	118	23	152	30
Approaching Basic	123	24	110	22	166	33	123	25
Unsatisfactory	177	35	193	38	189	38	181	36
Total	504	100	502	99	503	100	501	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	20	4	21	4	10	2	31	7
Mastery	78	17	40	9	61	13	41	9
Basic	164	35	188	40	134	29	142	30
Approaching Basic	118	25	77	16	139	30	134	29
Unsatisfactory	87	19	143	30	123	26	118	25
Total	467	100	469	99	467	100	466	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	39	7	28	5	14	3	8	2
Mastery	71	14	41	8	63	12	56	11
Basic	156	30	163	31	121	23	200	39
Approaching Basic	152	29	116	22	154	30	136	27
Unsatisfactory	103	20	171	33	163	32	110	22
Total	521	100	519	99	515	100	510	101

District Achievement Level Results	English Language Arts		Mathematics	
	2006		2006	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	37	4	80	9
Mastery	114	12	56	6
Basic	261	28	272	30
Approaching Basic	277	30	162	18
Unsatisfactory	248	26	350	38
Total	937	100	920	101

Orleans Parish School Board
Iowa and iLEAP Tests
For the Year Ended June 30, 2007
Schedule 9, continued

iLEAP Tests, continued

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	35	7	51	10	21	4	18	4
Mastery	125	25	93	19	97	19	84	17
Basic	207	42	208	42	211	42	256	51
Approaching Basic	77	15	91	18	119	24	97	19
Unsatisfactory	54	11	55	11	50	10	43	9
Total	498	100	498	100	498	99	498	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	45	10	36	8	8	2	26	6
Mastery	70	16	73	17	71	17	51	12
Basic	174	40	162	38	161	37	177	41
Approaching Basic	67	16	60	14	119	28	92	21
Unsatisfactory	76	18	101	23	71	17	85	20
Total	432	100	432	100	430	101	431	100

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	34	7	45	9	9	2	16	3
Mastery	87	18	69	14	77	16	64	13
Basic	232	49	252	53	227	47	236	49
Approaching Basic	89	19	60	13	122	26	100	21
Unsatisfactory	36	8	52	11	43	9	62	13
Total	478	101	478	100	478	100	478	99

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	45	9	33	7	19	4	18	4
Mastery	105	21	63	13	89	18	89	18
Basic	186	38	232	47	206	42	231	47
Approaching Basic	112	23	91	19	124	25	98	20
Unsatisfactory	41	8	71	14	50	10	51	10
Total	489	99	490	100	488	99	487	99

District Achievement Level Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	38	4	95	9
Mastery	165	16	86	8
Basic	442	42	404	38
Approaching Basic	287	27	184	17
Unsatisfactory	126	12	285	27
Total	1058	101	1054	99